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IDENTIFIERS Free Enterprise System

ABSTRACT

This instructor's guide consists of materials for use in helping vocational education students acquire basic economic literacy. Addressed in the individual units of the guide are the following topics: worker productivity, the free enterprise system, components of the economy, the consumer as a decision maker, small business functions, economic principles in the marketplace, economic stability and growth, economic concerns of the future, the world economy, the circular flow of economic activity, and economic measurements. Each unit contains some or all of the following: a list of topics covered in the unit, a list of objectives, a content outline that indicates the grade level (elementary, intermediate, or secondary) of each individual topic, suggested individual and group student learning activities, a newspaper and periodical report form, suggested curriculum references, and recommended periodicals to review for current economic issues and concerns. An appendix to the guide includes a brief discussion of the process of the identification and development of the economic literacy components included in the guide and a list of persons involved in the development effort. (MN)

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Economic Literacy: An Instructional Guide for Vocational Education

Illinois State Board of Education

Adult, Vocational and Technical Education

1985

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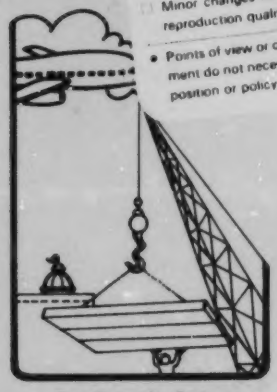
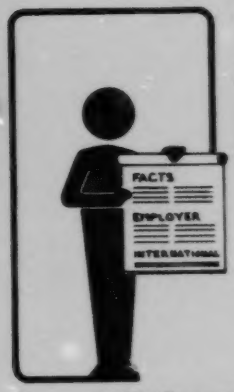


Free Enterprise System

Consumer as a Decision Maker



Components of the Economy

Economic Measurements

Small Business Functions

Economic Principles in the Marketplace

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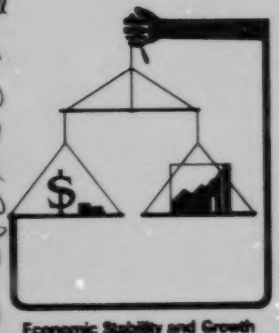

Economic Stability and Growth

Economic Concerns of the Future

The World Economy

Circular Flow of Economic Activity

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ECONOMIC LITERACY:
AN INSTRUCTIONAL
GUIDE FOR VOCATIONAL
EDUCATION

Sponsored by:

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Ted Sanders
State Superintendent
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DEPARTMENT OF
ADULT,
VOCATIONAL AND
TECHNICAL EDUCATION

Research and
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1985

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15. General Description: The product is an instructional guide for infusing economic literacy knowledge/skills/behaviors into existing vocational education programs and related subject areas. Through an extensive, nation-wide research effort, eleven components of economic literacy were identified and prioritized. They were: Worker Productivity, Free Enterprise System, Components of the Economy, Consumer as a Decision Maker, Small Business Functions, Economic Principles in the Marketplace, Economic Stability and Growth, Economic Concerns of the Future, The World Economy, Circular Flow of Economic Activity and Economic Measurements. Each component module contains an overview, objective(s), instructional content, suggested student learning activities and pertinent supplemental instructional references to aid vocational education students in acquiring economic literacy skills necessary for success in the work force.

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FOREWORD

Economic Literacy: An Instructional Guide for Vocational Education was developed to serve as an aid to secondary level vocational educators and curriculum specialists. The Guide emphasizes the identification and infusion of economic literacy concepts into the existing vocational education programs and related course offerings.

The process utilized to identify the economic literacy components contained herein involved key vocational educators in each of the fifty states, the Illinois State Advisory Council on Adult, Vocational and Technical Education and individuals from the Illinois State Board of Education. A working definition of economic literacy was developed and the following eleven economic literacy components were identified for inclusion in the INSTRUCTIONAL CONTENT GUIDE.

Worker Productivity	Economic Principles in the Marketplace
Free Enterprise System	Economic Stability and Growth
Components of the Economy	Economic Concerns of the Future
Consumer as a Decision Maker	The World Economy
Small Business Functions	Circular Flow of Economic Activity
	Economic Measurements

Each of the eleven components includes a definition, objective(s), suggested student learning activities and curriculum references. An annotation for each reference can be located by utilizing the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education, which lists each recommended resource alphabetically by publisher.

Special thanks are extended to the Project Consultant, Dr. Roger L. Luft, Business Education Coordinator, Department of Vocational Education Studies, Southern Illinois University-Carbondale; the agencies and publishers granting permission for reprint; the cadre of teachers and school administrators who provided advice and assistance to project staff; and, the survey respondents who contributed to the development of the working definition of economic literacy and in prioritizing the economic literacy components presented in this instructional guide. Appreciation is further extended to the instructors in the field test sites, including Decatur School District #61, Dundee Community Unit School District #300, Hamilton County Community Unit School District #10, Hancock Central Community Unit School District #338, Lake View High School--City of Chicago School District #299, Libertyville Community High School District #128, Marion Community Unit School District #2, Mattoon Community Unit School District #2, New Athens Community Unit School District #60, Olympia Community Unit School District #16, and Sycamore Community Unit School District #427.

Ted Sanders
State Superintendent of Education

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OVERVIEW OF PROJECT'S PRODUCTS AND RELATED ACTIVITIES

The primary activity goal of the three-year project, Identification and Infusion of Economic Literacy Concepts into Vocational Education Programs, was to aid vocational education students in acquiring economic literacy skills necessary for success in the work place.

The project's instructional materials were developed to meet the need for arming vocational students with the knowledge and understanding of those economic concepts and principles that affect workers and the workplace.

The objectives of the project were:

1. Define "economic literacy" as it can be applied to the vocational education program

2. Assess the instructional process in five pilot schools to determine the existence of instructional content relating to economic literacy knowledge/skills development within selected course offerings of each pilot school

3. Identify the economic literacy skills/knowledge that should aid vocational education students to acquire economic literacy skills necessary for success in the work place

4. Identify and collect (a) processes, materials and resources currently available to teach economic literacy concepts and, (b) groups and agencies currently involved in the identification of processes, materials and resources

5. Provide technical assistance to assist schools and teachers with the identification and infusion of economic literacy skills into vocational education programs and related course offerings of pilot and field test school sites

6. Solicit input/revisions/additions from practitioners in local schools that serve as test sites to determine applicability of the project's products in their respective classrooms

In FY83 a nation-wide research effort was completed which resulted in a definition of economic literacy as well as the identification of eleven components of economic literacy.

During FY84, the project's products (Economic Literacy: An Instructional Guide for Vocational Education and An Annotated Bibliography on Economic Literacy for Vocational Education) were refined following field testing in selected schools across Illinois.

The utilization of the project's products, Economic Literacy: An Instructional Guide for Vocational Education and An Annotated Bibliography on Economic Literacy for Vocational Education, in the school's instructional vocational education and related programs should enhance student under standing of the prioritized eleven economic literacy components and the development and acquisition of basic economic competencies, such as:

- the ability and willingness to assume the responsibility of a good citizen
- the ability to understand personal economics and its relationship to skills required for employment and promotability
- the ability to understand our basic economic system (e.g. profits, revenues and supply and demand)
- other related skills/behaviors necessary to become an effective employer/employee in the work force.

In summary, the need for youth and adults enrolled in vocational education programs to have some knowledge and understanding of how they, as employers/employees, can function effectively and knowledgeably in the free enterprise system, is well documented and emphasized by business/industry representatives throughout Illinois.

The overall goal of the project was to identify and facilitate student acquisition of economic literacy skills instruction, thus strengthening the students' knowledge and skills as future entrants into the work force.

DEFINITION FOR ECONOMIC LITERACY

For the purpose of this project, ECONOMIC LITERACY is a concept of knowledge/skills/behaviors one should possess which would allow that individual to function or perform effectively as a citizen, producer and consumer in the free enterprise system.

Embodied in this concept are the knowledge/skills/behaviors which result from formal and informal studies of the following components of economics:

- Worker Productivity
- Free Enterprise System
- Components of the Economy
- Consumer as a Decision Maker
- Small Business Functions
- Economic Principles in the Marketplace
- Economic Stability and Growth
- Economic Concerns of the Future
- The World Economy
- Circular Flow of Economic Activity
- Economic Measurements

In addition to these components, the following competencies are necessary for a person to be considered economically literate in today's society.

- The ability and willingness to assume the responsibility of a good citizen
- The ability to engage in positive interpersonal relationships
- The ability to understand personal economics and their relationship to skills required for employment and advancement
- The ability to understand our basic economic system (e.g., profits, revenues and supply and demand)

For the individual citizen, a basic understanding of the economic process is an ongoing essential ingredient to his/her role as a productive worker.

GUIDELINES FOR USE
Economic Literacy: An Instructional Guide For Vocational Education

Vocational and academic teachers can use this guide to infuse economic literacy knowledge/skills development into their respective program/subject areas. This guide is not intended to be used alone nor is it a student workbook. This instructional guide has been divided into economic literacy component modules for ease in focusing on each of the prioritized eleven components. The various subsections of each component module as identified below have been color-coded for easy access.

Each economic literacy component (green)

- Brief definition of the component and its related concepts
- Instructional objective(s)
- Instructional content with suggested grade level(s)

The suggested student learning activities for each component (white)

- Suggested activity worksheets to reinforce the instructional content provided for each component
  (Note: Lines are provided for convenience and do not indicate the length of the answer.)

Recommended curriculum resources for each component (yellow)

- Curriculum materials pertinent to the particular component with recommended grade level.
- A short annotation with related information for each recommended resource is contained in the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education. The instructor/user should utilize this source to locate additional information on each resource plus other listed materials which were obtained from agencies/publishers as a result of a letter of inquiry seeking economic literacy curriculum resources. The resources are listed alphabetically by agencies and publishers.

The Appendix (blue) contains 1) listing of agencies/publishers granting permission to reprint and 2) the identification and developmental process for the selected economic literacy components with a roster of invited participants, the participating pilot schools and the schools that served as field test sites.

It is emphasized that this infusion guide is only a beginning and should be enriched by utilizing the resources available in the local and regional school community as well as the experiential backgrounds of students and instructors. The guide is not a student workbook. The content and activities

listed in the guide can be adapted/adopted relevant to grade levels as needed. The concepts can also be infused into other educational activities such as vocational organizations to supplement the appropriate goals of each vocational organization.

It is strongly recommended that each school's vocational instructors prepare a comprehensive schedule of speakers (i.e., insurance brokers, bankers, business/industry managers or governmental officials) integrated with on-site tours of businesses/industries relating to the eleven economic literacy components to provide the students with up-to-date, realistic information relating to the workplace.

The loose-leaf format will facilitate the addition of other creative and classroom tested student learning activities that are developed and/or obtained from other resources.

The user can obtain on free loan the curriculum resource publications secured through the efforts of this project from the Illinois Vocational Curriculum Center, Sangamon State University, Springfield. (800/252-4822--toll free in Illinois or 217/786-6375.)

Copies of the recommended Illinois Vocational Curriculum Guides can be purchased at cost from the Curriculum Publications Clearinghouse, Western Illinois University, Macomb. (800-322-3905--toll free in Illinois.)

TESTS THAT MEASURE STUDENT UNDERSTANDING OF ECONOMICS

It is recommended that vocational educators and instructors of related course offerings assess/measure student understanding/knowledge of economic literacy concepts (pre-test) prior to utilization of Economic Literacy: An Instructional Guide for Vocational Education and post-test upon completion of selected components contained in the Guide. The Guide is not intended to be used as a course outline--the materials are to be infused into existing instructional areas. Therefore, it may not be necessary to administer pre- and post-tests in their entirety. One might select only those items that relate to the economic literacy components that were actually used in the particular instructional area.

The Joint Council on Economic Education, 2 Park Avenue, New York, New York 10016, publishes the following tests that measure student understanding/knowledge of economics:

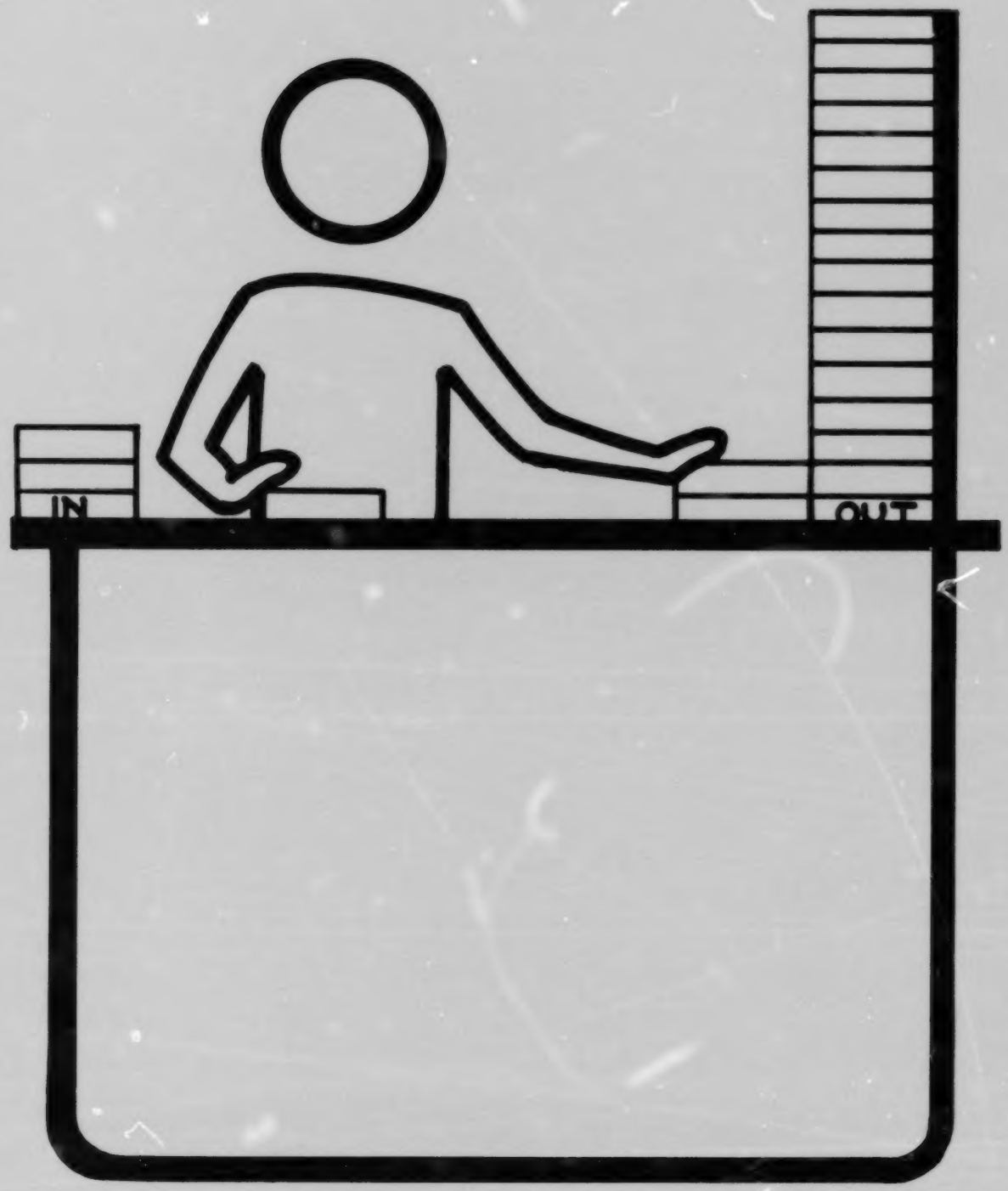
1) Primary Test of Economic Understanding (Grades 2-3). Evaluation instrument of 64 yes-no questions. Manual includes outline of five major economic generalizations with related concepts and sub-concepts on which questions are based. By Donald G. Davidson and John H. Kilgore. Revised, 1980.

2) Basic Economics Test (Grades 4-6). Evaluation instrument in two equivalent forms (A and B) of 38 questions each to measure learning of economic concepts. Content categories are based on the Master Curriculum Guide in Economics, A Framework for Teaching the Basic Concepts. Normed in a national sample of fourth-, fifth- and sixth-grade students. Manual includes norming data, suggestions for use of the test, model answer sheet and scoring key. By John F. Chizmar and Ronald S. Halinski, 1981.

3) Junior High School Test of Economics (Grades 7-9). Evaluation instrument of 40 questions to measure learning of economic concepts in junior high school. Classroom-tested in seventh, eighth and ninth grades in 22 school districts. Manual includes rationale for answers, norming data, suggestions for use of test, answer sheet and scoring key, 1974.

4) Test of Economic Literacy (Grades 11-12). Evaluation instrument. In two equivalent forms (A and B) of 46 questions each to measure learning of economic concepts in senior high school. Content categories are based on the Master Curriculum Guide in Economics, A Framework for Teaching the Basic Concepts. Nationally normed in eleventh and twelth grades of 40 school districts. Test manual includes discussion guide for each question, technical norming data, suggestions for use of the test, model answer sheet and scoring key. By John C. Soper, 1979.

5) Test of Understanding in Personal Economics. Evaluation instrument of 50 multiple-choice questions normed in ninth- and twelfth-grade classes in social studies, business and home economics. Manual gives explanations of concepts on which questions are based, technical norming data, answer sheet, scoring key and rationale for correct responses.


IN
OUT

Economic Component

Worker Productivity - The capacity of an individual to produce goods and services is one of many definitions for worker productivity. Productivity can be measured in output, such as 20 units per hour. The ability to produce depends on availability of resources, type of equipment and many other elements. Concepts important to worker productivity include:

- Absenteeism
- Communication Principles
- Compliance with Company Rules and Regulations
- Goal Setting
- Individual and Group Efficiency
- Job Security
- Problem Solving
- Productivity Measurement Techniques
- Rights and Responsibilities of the Employer
- Stress Management
- Dependability
- Evaluation
- Honesty
- Job Satisfaction
- Loyalty
- Non-Monetary Values (benefits)
- Product/Service Pride
- Productivity—Quality and Quantity
- Rights and Responsibilities of the Employee
- Role of the Work Force
- Social Effects from Good and Bad Work Ethics
- Survival Skills

Objective(s):

1. Promote the student's understanding of the elements of production that relate to worker productivity.

Content:

The following elements should be considered in Worker Productivity:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Production - The process of converting natural resources into forms usable to society--known as utility form.			
A. Technology The tools and processes a country uses to produce goods and services. Modern technology allows for greater production.	X	X	X
B. Mass Production The use of machinery to produce large quantities at a lower, per-unit cost. This process has been perfected in the United States.	X	X	X

	Grade Level Continued		
C. Specialization of Labor Each worker performs a few of the tasks needed to produce a product. Specialization of labor is sometimes referred to as division of labor.	X	X	X
D. Standardization of Parts The parts of products must be exactly alike. Exact parts create interchangeability and allows for mass production. This precision does not allow for manual labor.	X	X	X
E. Mechanization The use of machines to do work previously done by people. The use of machines developed during the Industrial Revolution.	X	X	X
F. Assembly Line The work to be performed moves past workers on a conveyor belt. This process allows for true mass production.	X	X	X
G. Automation The process of performing work without humans performing any mechanical operations except to operate machines. This process is rapidly developing today.	X	X	X
II. Other Related Concepts			
A. Absenteeism	X	X	X
B. Communication Principles	X	X	X
C. Company Rules and Regulations	X	X	X
D. Goal Setting	X	X	X
E. Job Security	X	X	X
F. Problem Solving	X	X	X
G. Measuring Productivity	X	X	X
H. Employer Rights and Responsibilities	X	X	X
I. Managing Stress		X	X

Grade Level Continued

J. Dependability	X	X	X
K. Honesty	X	X	X
L. Employer Evaluation		X	X
M. Job Satisfaction	X	X	X
N. Loyalty	X	X	X
O. Pride in Work	X	X	X
P. Employee Rights and Responsibilities	X	X	X

Suggested Student Learning Activities for

Worker Productivity

---

1. Student and/or Group Activity:

   There are 22 concepts which are identified as being relevant to worker productivity. The concepts are presented below with two columns for ranking. Divide the class into two groups and have group "A" discuss the concepts and rank them in order of priority from the employees' perspective (i.e., what is most important to least). Have group "A" record their group results in the appropriate column. Have group "B" discuss the concepts and rank them in order of priority from the employers' perspective. Have them record their responses in the proper column.

   Reconvene into a total class setting, compare rankings (each group recording the other's responses) and discuss the similarities and differences in the ranking of the concepts of worker productivity as perceived by the employer and the employee. Why and how will this affect their interactions?

Concepts	Group A Rank Employees' Perspective	Group B Rank Employers' Perspective
Absenteeism		
Communication Principles		
Compliance with Company Rules and Regulations		
Goal Setting		
Individual and Group Efficiency		
Job Security		
Problem Solving		
Productivity Measurement Techniques		
Rights and Responsibilities		
Stress Management		
Dependability		
Evaluation		
Honesty		
Job Satisfaction		
Loyalty		
Non-Monetary Values (benefits)		
Product/Service Pride		
Productivity—Quality and Quantity		
Role of the Work Force		
Social Effects from Good and Bad Work Ethics		
Survival Skills		

* * * * * * * * * * *

2. Student Activity:

Interview one or more person(s) who is employed at the supervisory, management and/or owner/operater level to determine which 5 of the 22 worker productivity concepts are most essential in their business.

Identify the item which "costs" the firm the most each year and try to secure an estimate of that cost.

Participate in class discussion on how this will impact total profit for firm.

Name of Business _____ Name of Person Interviewed _____

List the five identified concepts that were considered most essential to this business.

_____ _____ _____

_____ _____

Identify the concept which cost the firm/business the most each year.

_____ Estimated Cost $_____

* * * * * * * * * * *

3. Student Activity:

Assume you own a small clothing shop in your neighborhood and are hiring a clerk, then do the following:

a) List the qualities you would look for in this type of person.

_____

_____

_____

b) List the things you would tell this person the first day on the job.

_____

_____

_____

Permission for reprint for Activity 3 granted by Bobbs-Merrill Educational Publishing Company, Inc., (Your Career in the World of Work, 1975.) p. 147.

* * * * * * * * * * *

4. Student/Group Activity:

YOU DECIDE

Here are four experiences. In each someone figured out how to increase productivity. The actual solutions to these real experiences can be found beginning on page 18. Ask yourself in each case: "How did I benefit from this solution--and what were my costs?"

You're a City Traffic Engineer

Situation: The only way motorists can enter and leave your city is by bridges. All the bridges have toll booths. There are booths for the inbound lanes and booths for the outbound lanes. Your job is to keep traffic moving through them smoothly.

Problem: During rush hours, traffic backs up in both directions on all the bridges. People have to slow down to pay their tolls. Your problem is to get a productivity increase by moving the traffic through the toll booths faster. You have to reduce delay without adding to the cost of operating the booths. The price of the tolls is the same on all the bridges, coming and going.

You Decide: Can you get the toll collectors to work faster? Should you try to find a new tool? For instance, automate the booths? Can you rearrange the work somehow? (After you make your decision, ask your teacher for the solution.)

You're a Builder

Situation: Your group does light construction work; you have some employees. They're good workers who know their jobs and care about the quality of the work they do.

Problem: You have to improve your group's productivity. Your customers are complaining that jobs aren't done on time. Your workers are discouraged. They say they can't finish on schedule because they waste so much time looking around the work site for the tools they share.

You Decide: Should you tell your workers they just have to look harder and find the tools they need faster? Is there a new tool for finding tools? What about some way to rearrange things at the work site so tools don't get misplaced? (After you make your decision, ask your teacher for the solution.)

You're a Supermarket Owner

Situation: You own a chain of supermarkets. A company wants you to buy their fully automated distribution system. The system includes 67 vending machines designed to handle 2,500 different items ranging from canned and

bottled goods to frozen foods. All your customers have to do is put a special plastic card into a machine and then push buttons for the things they want. They wouldn't have to handle anything. In fact, with the new system they could not. When your customers finish shopping, they just put the plastic card in another machine which figures their bill. With this system, the only workers you need are warehouse people and cashiers.

Problem: While the new system will reduce the number of employees you need, it's expensive. More important, you're not sure if it will give you a productivity increase.

You Decide: The new tool sounds great. Do you adopt the totally automated system? Or will the costs outweigh the benefits? (After you make your decision, ask your teacher for the solution.)

You're a Taxpayer

Situation: Your small town operates its own collection truck. You've watched the truck stop outside your house and you think the collectors are good, steady workers, but they're not keeping up with the work load. Your town officials say taxes have to go up to pay for an additional truck and collection team. There's no commercial carting service near enough to do the job.

Problem: You don't want to pay additional taxes. You believe there must be a way to increase the productivity of the present truck enough to avoid having to get another.

You Decide: Can you work out productivity pay increases for the collectors so they'll work faster. Is there some inexpensive new tool that could be added to the truck to make it work better? Maybe you can find a way to rearrange the work so it can be done on time. (After you make your decision, ask your teacher for the solution.)

POSSIBLE SOLUTIONS for YOU DECIDE

You're a City Traffic Engineer -
What Happened: You rearranged the way your toll system worked. You discovered that just about everybody driving into the city eventually came out again, usually the same day. You charged them twice as much to go in and nothing to come out.

Benefit & Costs: Your change was a tremendous success. It eliminated half the waiting time for all those drivers every day. They had to stop for the toll collection on the way in, but not on the way out. You actually saved the city money, too. You didn't need half the toll collectors anymore. What did you do about getting them other jobs?

You're a Builder -
What Happened: You decided to invent a new tool for finding tools. Your idea would also rearrange the way your workers shared tools at the work

site. You fitted the back of your pick-up truck with large panels of pegboard. You mounted the pegboard with every kind of tool your workers use. You painted the shape of each tool on the pegboard where it belonged, and labeled the painted shape with the name of the tool in a bright color.

Benefits & Costs: Your invention did the trick. Your workers were delighted to be able to find the tools they needed so fast and easily. For that reason, they were careful about always putting each tool back where it belonged. Morale went up. Jobs got done on time. To everyone's benefit, some jobs got done ahead of time. What did it cost you to tie up your pick-up truck that way?

You're a Supermarket Owner -
What Happened: You bought the equipment for $2.6 million. You expected average sales of $4,500 per day, but you got only $900 per day. Your customers complained that they couldn't touch and examine the goods through glass windows. They missed the personal service usually given by the dairy, meat and produce workers you fired when you put the system in. You lost money on the system and finally removed it.

Benefits & Costs: The cost-saving benefits of the system were certainly there. Why didn't you check with your customers first before making the change? Would the change have worked if you had prepared your customers for it? Would they have liked it better if you had dropped prices a little during the get-acquainted period?

You're a Taxpayer -
What Happened: You suggested a rearrangement in the collection process. You decided the problem was that the truck had to stop at each house. You suggested one collector arrive well ahead of the truck and drag the barrels out to the curb. That way, other collectors coming with the truck could easily empty the barrels into the truck without the truck's having to stop. It could just keep rolling slowly forward. Another collector coming along afterward could put the empty barrels back.

Benefits & Costs: The town tried your idea and you were right. The new arrangement saved a lot of time. Enough so that a second truck wasn't needed. That saved you from having to pay higher taxes. What about the collectors? Did the new arrangement make the collectors' jobs harder?

Permission for reprint for Activity 4 granted by the Advertising Council, (Productivity in the American Economic System and Your Part in It, not dated.) p. 10-13.

* * * * * * * * * * *

5. Student/Small Group Activity:

In today's changing society with varied roles and individual responsibilities, some progressive employers/employees have found it necessary to redesign working hours. Three new strategies are flexible work hours, variable work hours and staggered work hours.

- Flexible work hours is a strategy that allows a two- to three-hour time period at the start of a workday during which the employee may arrive. The departure time depends on time of arrival and time taken for lunch. It is necessary with this system that all workers be present at the "peak" or "rush" periods of the day.

- Variable work hours is a system where the workers are free to come and go as they desire. They may put in five 8-hour days by combining morning, afternoon and evening times, or they may vary the number of hours worked from day to day. This strategy does not require all workers to be present during "peak" times of the day.

- Staggered work hours is a strategy where arrival and departure times are fixed for each worker; however, the times may vary from worker to worker. (i.e. Tom works from 7-3 and Janet works from 9-5.)

Survey 10 people and ask them the following questions:

1. Which of the 3 systems would be the most enjoyable for you to work?

_____

b. Why do you believe it would be the best for you--the employee?

_____

_____

2. How can the employer benefit from establishing the system of your choice?

_____

_____

3. What occupations would be the most suited to your choice of systems?_____

_____

After the information has been gathered, compile the data to determine the most popular strategy/system. Compare the employees reasoning/benefits versus the employers and note the varying occupations in which the systems would work well.

* * * * * * * * * * *

6. Student/Group Activity:

Obtain a speaker from a local manufacturing company from their personnel office to talk to the students about any one of the following topic areas:

- Absenteeism and how it affects worker productivity
- Company rules and regulation policies
- Job security
- Stress management
- Rights and responsiblities of the employees

After the speaker's talk, have the students write a report based on the information obtained from the experience along with further research of the topic in the library.

* * * * * * * * * * *

7. Student Activity:

Discuss the meaning of the term "profit". What is profit and why is it important to a business or an individual? List four ways an employee can have a positive influence on profits.

_____

_____

_____

_____

List four ways an employee can have a negative influence on profits.

_____

_____

_____

_____

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Worker Productivity

_____ _____

Name of Vocational Course Student's Name

_____ _____

School Name Year

_____ _____

Name of Periodical/Newspaper Page #

_____

Title of Article

_____

Author's Name

List 3 or more main points of this article:

* * * *

Suggested Curriculum References for WORKER PRODUCTIVITY

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	The Advertising Council, Inc.
Sec	Productivity and Your Part in It. . .
	Channing L. Bete Company, Inc.
Sec	What You Should Know About Profits
	Bobbs-Merrill Educational Publications
Sec	Your Career in the World of Work
	Houghton-Mifflin Company
Sec	Exploring Human Relations
	Illinois State Board of Education
Sec	Advertising Services: A Suggested Curriculum Guide
Sec	Marketing and Distributive Education Curriculum Guide for Business/Personal Services
Sec	Marketing and Distributive Education Curriculum Guide for Real Estate
Sec	Marketing and Distributive Education Curriculum Guide in Food Marketing
Sec	Marketing and Distributive Education Curriculum Guide in General Marketing
Sec	Marketing and Distributive Education Curriculum Guide in General Retail Merchandising
Sec	Methods and Materials for Teaching Occupational Survival Skills
Elem/Int	Trade-Offs

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

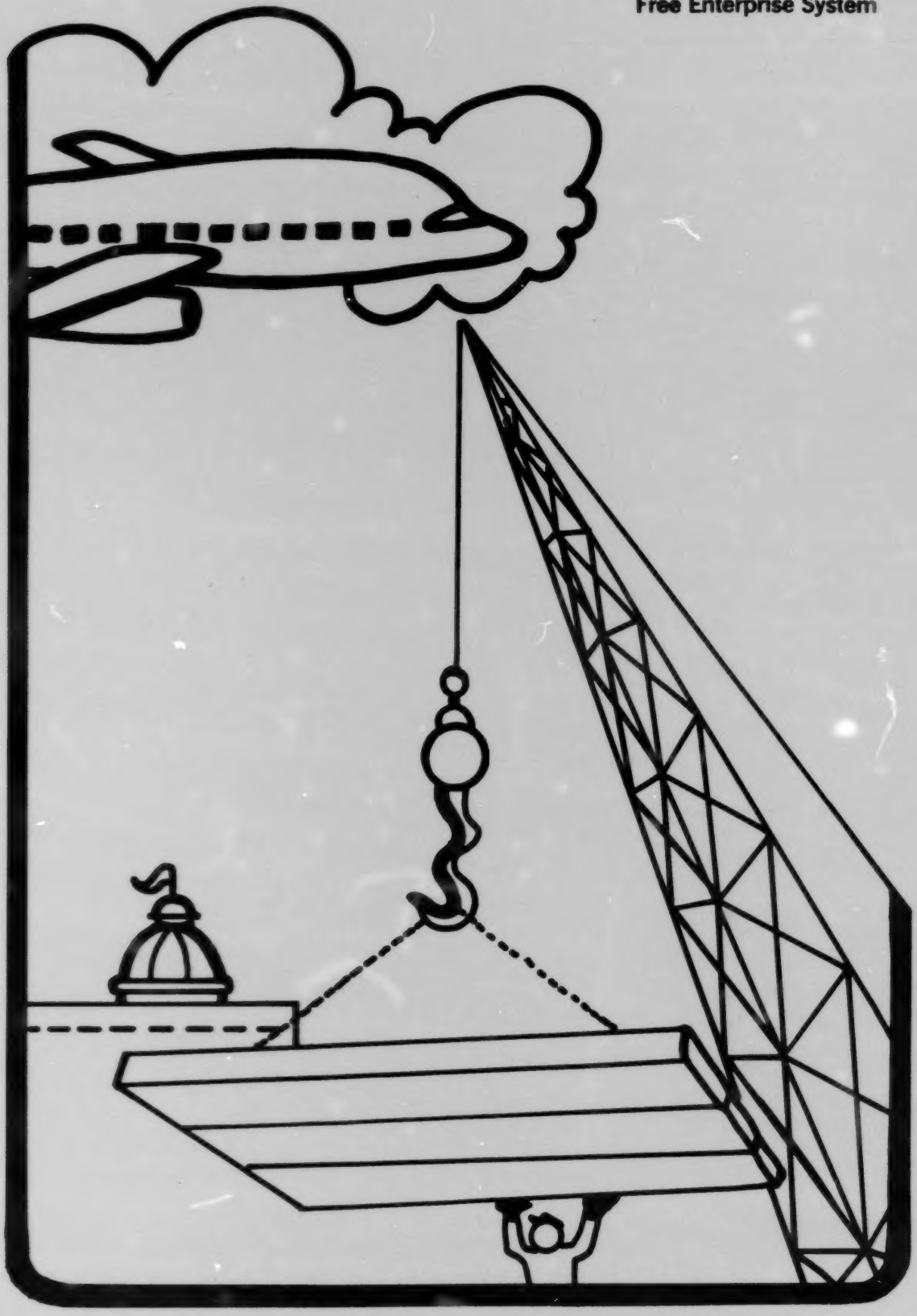
Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814



Economic Component

Free Enterprise System - The economic system in the U. S. is based on free enterprise. In such an economic system, each person has the opportunity to pursue whichever business is most desirable. There is the element of "free choice" for everyone. Components included in the free enterprise system are:

- Advertising
- Competition
- Government Regulations in Free Enterprise
- Market Systems
- Supply and Demand
- Why and How it Works
- Comparison with Other Economic Systems
- Function of Profit
- How Prices are Set
- Mixed Markets
- Monopolies
- Taxes

Objective(s):

1. Delineate features of the basic types of economic systems.
2. Promote the student's understanding of the effects of economic incentives.
3. Defend the involvement of the government in a free enterprise system.

Content:

The following elements should be considered in Free Enterprise System:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Types of Economic Systems			
A. Free Enterprise Systems Factors of production controlled by private groups and individuals. System most dominant in U. S.	X	X	X
B. Traditional Systems Economic decisions are based on habit, custom and often religious belief. Traditional systems are usually found in underdeveloped countries or areas of countries.	X	X	X
C. Command Systems Economic decisions are made by a single leader, a small group or a central government. Communism is best example.	X	X	X

	Grade Level Continued		
D. Mixed Systems Combination of the three basic systems. Every modern society today uses a mixed system.		X	X
II. Economic Incentives			
A. Profit Incentives Free enterprise system is referred to as the profit and loss system and is based on the desire to earn profits.	X	X	X
B. Profits Money left from sale of products and services after subtracting what is spent to provide them. Profits constitute the reward in the free enterprise system for taking risks.	X	X	X
III. Government			
A. Historical Development 1. Continental Congress 2. Declaration of Independence 3. Articles of Confederation 4. The Constitution 5. Growth of Agriculture and Trade: 1790-1865 6. Industrial Expansion: 1865-1900 7. A Consumer Boom: 1900-1929 8. Economic Expansion: 1920's 9. Depression: 1930's		X	X
B. Regulations 1. Robinson-Patman Act of 1936 This act forbade price discrimination among purchasers, and, in general, expanded the prohibitions against unfair competition practices. The act was designed especially to protect small, independent business owners against the chain stores and was commonly referred to as the anti-chain-store law.		X	X

2. Federal Aviation Administration

   This regulatory agency enforces laws regulating air commerce (including for example, aircraft safety, pilot licensing and air traffic); operates an extensive network of aids to air navigation (e.g., air traffic control towers and centers, radio and other electronic communications facilities); makes grants for the construction and improvement of public airports; conducts a wide range of aviation-related research projects.

3. Civil Aeronautics Board

   This independent regulatory commission/board was created in 1938 to regulate rates, fare and operations of domestic and foreign airlines. (Foreign air routes are subject to presidential approval.)

4. Federal Communication Commission

   This regulatory agency was created in 1934 to regulate interstate and foreign communications (radio, TV, telephone, telegraph and cable, grants and licenses.)

5. Federal Power Commission

   This agency regulates interstate gas and electric companies.

6. Food and Drug Administration

   This agency has the responsibility of protecting the consumer against dangerous foods, drugs and cosmetics.

7. Securities and Exchange Commission

   This regulatory agency was created in 1934 in order to regulate the buying and selling of stocks and bonds (securities).

8. National Labor Relations Act of 1935

   This act establishes the regulatory agency known as the National Labor Relations Board which administers federal labor management relations laws, settles labor disputes and prevents unfair labor practices.

	Grade Level Continued		
9. Social Security Act of 1935 This law established the Social Security Board and provided aid in four broad areas: 1) old-age pensions, 2) unemployment insurance, 3) old-age insurance and 4) aid to the blind, dependent children and other unfortunates. Under Title I, federal grants were to be made to the states for old-age pensions, provided they inaugurated acceptable state pension plans. It was hoped that the enticement of federal funds would encourage all states to enact pension laws.			
10. Fair Labor Standards Act of 1938 This law established a minimum wage (25 cents per hour) and a maximum work-week of 40 hours for industrial workers. Workers were to receive overtime pay at the rate of one and one half times their hourly pay. Child labor was restricted. This federal law applied only to businesses engaged in interstate commerce (between two or more states). Most states passed similar laws affecting businesses within the state. The minimum wage has been raised over the years.			
11. Civil Rights Act of 1964 This law protected the rights of all qualified citizens to vote, and it forbade employers to discriminate in hiring. It also required that all persons be allowed to use such public places as hotels and motels, restaurants, lunch counters, stores, theaters, parks and sports arenas.			
IV. Other Related Concepts			
A. Advertising	X	X	X
B. Supply and Demand	X	X	X
C. Market Systems	X	X	X
D. Pricing	X	X	X
E. Monopolies	X	X	X
F. Taxes	X	X	X

Suggested Student Learning Activities for

Free Enterprise System

---

1. Student and/or Small Group Activity:

   Land is a term that refers to a nation's natural resources. Labor, in economic terms, is the human effort that is available to produce goods and services for consumption. Capital often is used as another name for money and also includes machinery, equipment and any other physical, labor-saving devices that will help people do a job better or faster.

   With these definitions in mind, divide the class into three groups, (land, labor and capital). Have each group indicate how they would use the free enterprise concepts to maximize their profits and control profits of the other two groups.

Concept	Maximize Profit for Labor	Control Land/Capital
Supply & Demand	Limit number of trained people to do a specified job	Drive up price per unit
Advertising		
Government Regulations		
Monopolies		
Taxes		
_____		
_____		

   Lead class discussion on the impact of land, labor and capital on the free enterprise system.

* * * * * * * * * * *

2. Student Activity:

Have each class participant interview a local business person (e.g. private contractor, service, manufacturer or farmer) to determine "How Prices are Set" for the respective business. How does "Supply and Demand" influence their decisions?

Supply refers to the amount of a good or service that people or businesses are willing to provide at a particular price. Whereas, demand refers to a good or service that people are willing to buy at a particular price.

In class, outline and discuss how and who controls the prices which are set for items produced or sold.

To the Student:

a. Local business person interviewed_____

b. How are prices set for this business_____

_____

_____

_____

c. How does "Supply and Demand" influence the responses in (b) above?

_____

_____

_____

_____

_____

d. Select two items/products and tell how and who controls the prices set for your two selections.

_____

_____

_____

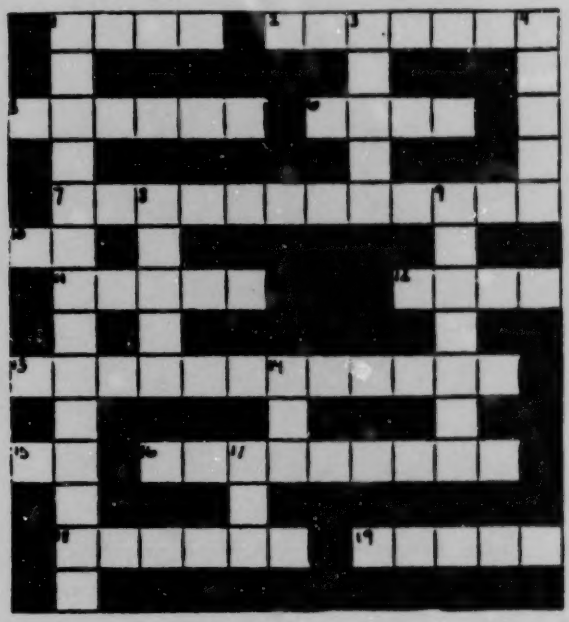
_____

* * * * * * * * * *

3. Student Activity

Complete the Crossword Puzzle on Economics of Modified Free Enterprise. In order to realize your total potential as a productive worker in a modified free enterprise system, you should be able to discuss points of free enterprise with others. Therefore, knowledge of basic concepts is important. Complete this crossword puzzle on economics of the free enterprise system as a review of terms and definitions and other economic concepts. (See page 36 for solution).

Name_____ SCORE_____



ACROSS

1. Consumers are_____to make choices among products and services.
2. All money, equipment, buildings and investments that are used to operate a business are called_____.
5. The amount of goods and services that consumers are willing and able to purchase is called_____.
6. Taking a chance in any activity is known as_____.
7. A French word for change in "enterpriser" is_____.

DOWN

1. Another name for a market-centered economy which encourages as little government intervention and control as possible is_____.
3. Amount charged to purchase a good or service is called_____.
4. The physical and mental tasks that are performed by people in order to produce goods and services are called_____.
8. Individuals and businesses are _____by the government.
9. A change in price for a good or service that causes considerable change in the quantity that con-

10. Laws of supply and demand are easily plotted_____graphs.

11. Individuals pay_____to cover government expenses.

12. Another word for natural resource is_____.

13. Getting the most out of every dollar invested is_____.

15. Consumers may choose brand X _____they may prefer brand Y.

16. The study of how a nation turns its natural resources into goods and services in order to satisfy its citizens is called_____.

18. The amount of a good or service that a producer is willing to make available for sale is called_____.

19. The price of labor is known as_____or salary.

sumers will buy is called _____demand.

14. 2,000 pounds is known as a _____.

17. _____is one example of a natural resource.

SOLUTIONS FOR THE CROSSWORD PUZZLE:

Across

1. Free
2. Capital
5. Demand
6. Risk
7. Entrepreneur
10. On
11. Taxes
12. Land
13. Productivity
15. Or
16. Economics
18. Supply
19. Wages

Down

1. Free Enterprise
3. Price
4. Labor
8. Taxed
9. Elastic
14. Ton
17. Oil

Activity 3 used by permission of the Oklahoma State Department of Vocational and Technical Education/Curriculum and Instructional Materials Center. (Unit II--Economics of Modified Free Enteprise, copyright pending.) pp. 12-13.

* * * * * * * * * * *

4. Student/Group Activity:

Have students compile a list of some of the highest paid athletes in professional football, basketball and baseball. Then ask the class to consider what supply and demand might have to do with the size of these salaries. Students also should consider what effect these high salaries might have on demand. Help students to understand that salaries are a business expense for professional teams. In order to pay increased salaries, it is possible that ticket prices may have to be increased. In that case, what effect will higher prices have on the demand for tickets? Who eventually pays for these high salaries? Students should understand that they (consumers) pay in some cases.

_____

_____

_____

Permission for reprint for Activity 4 granted by Addison-Wesley Publishing Company. (Richard M. Hodgetts and Terry L. Smart, Essentials of Economics and Free Enterprise, 1982, Teacher's Manual.) pp. 17-18.

* * * * * * * * * * *

5. Student Activity:

A few years ago there was a shortage of coffee in America. Because of this shortage, the coffee companies raised their prices. Consumers objected to the price increase and began using less coffee. The decrease in the use of coffee affected the coffee companies' profits to the point that they decided to lower prices to a more reasonable level.

Which factor of price influenced the coffee companies' decision to lower coffee prices.

_____

_____

_____

_____

_____

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* * * * * * * * * * *

6. Student/Group Activity:

Analyze Major Economic Systems

Name_____ Score_____

The three major economic systems in the world today are free enterprise, socialism and communism. In each of these systems, basic economic decisions must be made in order to produce and distribute goods and services for the nation's citizens.

The free enterprise economic system is one in which individuals, rather than the government, make the decisions about the way goods and services are produced, distributed and used. This system is also called capitalism. In a socialism system, certain primary industries such as steel, utilities and transportation are controlled by the government. In a communistic system the government decides how resources are to be allocated.

In this assignment, you will analyze the major economic systems by identifying who makes the economic decisions for each system.

DECISION	Free Enterprise	Socialism	Communism
A. Who decides what will be produced?			
B. Who decides how many items will be produced?			
C. Who decides how the goods will be distributed?			
D. Who owns and operates the services determined?			
E. How are the prices of goods/ services determined?			
F. Who decides which jobs an individual will have?			
G. _____			
H. _____			
I. _____			

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* * * * * * * * * *

7. Student Activity:

Analyze Competition in a Free Enterprise Market System

Part I

Use the yellow pages of the telephone book to determine the number of business firms competing for the consumers' dollars for the following goods and services.

A. Insurance Companies

_____ _____

_____ _____

_____ _____

B. Service Stations

_____ _____

_____ _____

_____ _____

C. Real Estate

_____ _____

_____ _____

_____ _____

D. Tax Return Preparation Service

_____ _____

_____ _____

_____ _____

E. Automobile Dealers (new)

_____ _____

_____ _____

_____ _____

F. Television Dealers

_____ _____

_____ _____

_____ _____

G. Restaurants

_____ _____

_____ _____

_____ _____

Part II

Analyze the information you collected in Part I to answer the following questions.

A. Which area of business has the most competition/rivalry for the consumers' dollars?

_____

Explain your answer.

_____

B. How does the area of business with the most business firms in operation demonstrate the free market/capitalist system?

_____

_____

C. How does the operation of the business firms identified demonstrate profit motivation/incentive?

_____

_____

D. How does the operation of the business firms identified in Part I demonstrate the use of private property? Private property is defined as the right of individuals to own land and other physical assets.

_____

_____

* * * * * * * * * * *

8. Student/Group Activity:

New businesses as well as existing businesses must have customers in order to survive. There are several options or strategies to attract new customers. The following illustrate pricing strategies below the normal market cost.

a) Hot dogs sell readily inside a ball park for $1.50.

b) A new service station opens and the price of gasoline is reduced 3 cents per gallon.

c) Christmas cards are reduced by 50 percent 2 days before Christmas or immediately after Christmas.

d) A student pays 50 cents for a 10-cent pencil 2 minutes before an exam.

e) Customers receive a polaroid camera free when opening a new savings/checking account.

1. Explain possible reasons for the above price situations.

_____

_____

_____

_____

2. If you were a business owner, list possible options that you might use to attract new customers.

_____

_____

_____

_____

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Free Enterprise System

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to the Free Enterprise System?
Write your comments below:

Suggested Curriculum References for FREE ENTERPRISE SYSTEM

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference, including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
	Channing L. Bete Company, Inc.
Int/Sec	What You Should Know About Profits
	Glencoe Publishing Company, Inc.
Sec	General Business in Our Modern Society
	Globe Book Company
Sec	Economics and the American Free Enterprise System
	Harcourt Brace Jovanovich, Publishing, Inc.
Sec	The Development of American Economic Life
	Harper and Row, Publishers, Inc.
Sec	Economics: Today and Tomorrow
	Illinois State Board of Education
Sec	Advertising Services: A Suggested Curriculum Guide
	The Interstate Printers and Publishers, Inc.
Sec	Economics: Applications to Agriculture and Agri-Business
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects-Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int/ Sec	Projects by Concept-Economic Education Awards
Elem/Int	Strategies for Teaching Economics/Primary Level
Int/Sec	Strategies for Teaching Economics/Intermediate Level
	Oklahoma State Department of Vocational-Technical Education
Sec	Economics and Free Enterprise Unit I/Economics of Modified Free Enterprise Unit II

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

FACTS
EMPLOYER
INTERNATIONAL

Economic Component

Components of the Economy - Closely related to economic principles and the circular flow of economic activity are the components of the economy. The components, in some cases, overlap with other concepts. Components of the economy include:

- Basic Principles as They Relate to the Marketplace
- Economic Facts and Standards
- Employer
- International Market
- Loans
- Purchasing
- Shift from Agrarian to Industrial to Service Economic Base
- Understanding and Knowledge of Economic Indicators
- Budgeting
- Credit Cards
- Employees
- Government Budget(s)
- Investing
- Production
- Savings
- Supply and Demand
- Taxes
- Unions

Objective(s):

1. State the relationship of aggregate supply and demand.
2. Define real and money income.
3. Promote the student's understanding of money and monetary policy.

Content:

The following elements should be considered in Components of the Economy:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Aggregate Supply and Productive Capacity			
A. Aggregate Supply			X
Total supply of goods for distribution.			
B. Aggregate Production			X
Total production of all goods by all businesses in the country.			
II. Aggregate Demand: Unemployment and Inflation			
A. Aggregate Demand		X	X
Total demand for goods by consumers.			
B. Unemployment	X	X	X
Frictional unemployment--when workers are between jobs.			
Seasonal unemployment--caused by seasonal variations in some industries.			

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	Grade Level Continued		
Technological unemployment--caused by advancements in technology, such as automation. Cyclical unemployment--caused by recessions in the business cycle.			
C. Business Cycles <u>Expansions</u> in the growth period of the business cycle which take place while the economy is growing quickly. <u>Peaks</u> occur when business activity reaches a high point. <u>Recession</u> is the downward turn of the business cycle. <u>Troughs</u> occur when the business cycle reaches a low point. <u>Depression</u> is the result of a very deep or long lasting trough. <u>Inflation</u> is when prices increase rapidly with income often rising to match.	X	X	X
III. Real and Money Income			
A. Money Income The amount of income measured in dollars. Money income includes entire pay package including benefits.		X	X
B. Real Income Amount of goods and services an income can buy. Real income includes quantity and quality of goods and services and changes with fluctuations in the economy.		X	X
IV. Money and Monetary Policy			
A. Money Anything that is generally accepted in exchange for goods and services or in payment of debts. Time-honored materials for media of exchange are precious metals like gold and silver.	X	X	X
B. Functions of Money Medium of exchange. Measure of value (worth placed on something). Store of value (may be saved).	X	X	X

Grade Level Continued

Standard of future payments (buy now and pay later).			
C. Kinds of Money	X	X	X
Coins. Currency. Checkbook money (demand deposits).			
D. Circular Flow of Money	X	X	X
Producers pay money to consumers for the use of their land, labor and capital. For land, consumers get rent; for their labor, they get salary or wage; and for their capital, consumers get interest or profit. Consumers use this money to buy goods and services they want and need in the product market. Money actually flows from producers to consumers and then back again to producers to consumers.			
E. Monetary Policy (Federal Reserve System)		X	X
A plan to promote economic growth and to maintain a stable economy through control of the supply of money and bank credit.			
F. Major Monetary Controls of Federal Reserve		X	X
Changing the legal reserve requirements of member banks. Changing the discount rate policy. Engaging in open-market cooperation.			
G. Credit	X	X	X
Service that allows one to use and enjoy the things one needs or wants today by promising payment for them later.			
IV. Other Related Concepts			
A. International Markets		X	X
B. Evolution to Service-Based Economy		X	X
C. Consumer Considerations		X	X
D. Supply and Demand	X	X	X
E. Unions	X	X	X

Suggested Student Learning Activities for

Components of the Economy

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1. Student/Group Activities:

   A. The four "basic economic questions" of any society or economic system are:

      a) What shall be produced?

         Should society devote its limited resources to producing civilian or military goods, luxuries or necessities, goods for immediate consumption or goods that increase the wealth of society (capital goods)? Should small or large cars be produced or should buses and subways be produced instead of cars? Should the military concentrate on strategic or conventional forces?

      b) How much shall be produced?

         What is the demand as compared to the supply available? Is there a shortage or surplus of the product?

      c) How and by whom shall it be produced?

         Once the decision is made on what to produce, society must determine what combination of the factors of production will be used. Will coal, petroleum or nuclear power be used to produce electricity? Will bulldozers or workers with shovels dig dams? Should automobile tires be made from natural or synthetic rubber? Should Coca-Cola be sweetened with sugar or corn syrup? Should tried-and-true methods of production be replaced by new technology? Who will do the production? Will it be union or non-union employees? Will it be skilled or non-skilled workers?

      d) How shall production be divided among the members of society?

         Will society's output be divided fairly equally or will claims to society's output be unequal? Will differences in wealth be allowed to pass from one generation to the next? What role will government play in determining for whom? Should government intercede to change the way the economy is distributing its output?

Choose a product and answer all four preceding questions in relation to that product.

a)_____

b)_____

c)_____

d)_____

B. The term "scarcity" refers to the fact that there is a limited supply of most products or services which people want. We also know that people have unlimited wants. Recall some situations in which you have had to choose between or among things you wanted. Do you know <u>why</u> you made the choices you did?

_____

_____

_____

_____

_____

_____

_____

C. What is capitalism?

_____

_____

_____

How does it differ from other economic systems?

_____

_____

_____

Adapted from and permission for reprint for Activity 1 granted by Houghton-Mifflin Company. <u>(The American Economy, 1983.)</u>

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2. Group Activity:

Have students discuss what money really is. The term "barter" should be introduced. Have the class read Money and the Federal Reserve. A class discussion on money, the money supply, the "Fed" and interest rates should follow.

MONEY AND THE FEDERAL RESERVE

Money is a device developed because it was more convenient for everybody to exchange his/her labor or product than to try bartering to find somebody else who had what was wanted and was also willing to trade for what was offered. There are four general functions of money:

- Medium of exchange (Money is used in place of barter.)
- Storehouse of value (Money can be saved.)
- Measure of value (Money is used to set prices and measure economic activity.)
- Standard for debts (Money can be used for determining a future payment.)

In our economic system most money is in the form of checking accounts (demand deposits) and not in coins and bills. Our money is essentially fiat money. Fiat is a recognized money substitute. Fiat money is used because it has been authorized by the government and is generally accepted as money. Such money cannot be converted into gold and silver.

The Federal Reserve System was established in 1913 to provide flexibility in the money supply and to supervise national banks. The "Fed", as it is called, consists of 12 federal reserve banks, and is controlled by a Board of Governors, a group of persons appointed by the President. Through the regulations of the money supply, the Federal Reserve System indicates its monetary policy of promoting economic stability and growth. It does this by setting the discount rate, which is the rate of interest federal reserve banks charge for loans to member banks; by adjusting reserve requirments, which refers to the percentage of demand deposits and time deposits that a member bank must keep on hand or on deposit in a federal reserve bank; and by selling and buying securities, called open-market operation.

Briefly observe how in practice the money supply can be changed by the Federal Reserve System. The higher the interest rate (discount rate) charged by the "Fed" to member banks, the higher the interest rate that must be charged the member banks' customers. The higher the interest rate or charge to borrow money, the less money will be borrowed. Banks are required to maintain reserves equal to only a fraction of their deposits. As the reserve requirements are changed, the money supply will likewise change. Finally, the money supply actually circulating in the economy is affected by the federal open-market committee. As it decides to buy or sell government securities, for example, it probably would have to withdraw the money from the bank, thus lowering the reserves and the lending power of the member bank. This, in turn, lowers the total money supply. The amount of money in the economy directly affects the quantity of business transactions possible.

Permission for reprint for Activity 2 granted by Ohio Vocational Education Division, State Department of Education. (Consumer Education - Curriculum Guide for Ohio, 1976.) p. 12.

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3. Group Activity:

Conduct a "Barter Day"

Students are to bring to class something that they do not need or want and would be willing to exchange with one of their classmates. The only rule is that they cannot take back the item they bring and they must find someone who will exchange with them. Students are not to talk dollar value of the items, but simply to exchange items. Students are given a 10-minute time limit during which time the classroom will be a flurry of activity, noise and confusion. At the end of the 10 minutes, students can comment on how they feel about their bartering. Some will feel good, that they made a good trade. Others will feel that they did not do well. Strategies of bartering can then be discussed.

* * * * * * * * * * *

4. Student Activity:

Credit is a service that allows a person to use and enjoy the things he/she needs or wants today by promising to pay for them later. Credit is offered by stores and other businesses. Businesses may say "charge it," "finance it," "buy on time," or "use a payment plan." It is all credit. When you use credit, you promise that you will use future income to pay for goods, services or money that you have the use of now.

Financial problems occur when one's debts and expenses become greater than one's income and ability to repay.

a) It is often said that the next important thing to money in the bank is your credit rating. How is your credit rating established?

_____

_____

_____

b) List some credit bureaus serving the business community in your area.

_____

_____

_____

c) Can a person improve/correct his/her credit rating? How?

_____

_____

5. Student/Group Activity:

Each student will trace the history of the shift from an agrarian/farming economy to industrial to a service economic base. An industrial economy refers to an economic base with an underlying support in goods used by industry or business to produce commercial, consumer or other industrial goods. Service based economy refers to a type of economy supported by industry or companies that work for others or provide consumers with the use of products.

Reference: John Naisbitt, Megatrends: Ten New Directions Transforming Our Lives. Warner Books, Inc., 666 Fifth Avenue, New York, NY 10103

Assignment: Read Chapter 1, "From an Industrial Society to an Information Society." Pages 11-38.

Prepare a brief (one-page) outline of concepts and then, in class discussion, determine how they impact on the components of American economy.

* * * * * * * * * * *

6. Group/Class Activity - Elementary/Secondary:

A free subscription to The Elementary Economist can be obtained by sending your name, mailing address, name of school and school system to the National Center of Economic Education for Children, Lesley College, Cambridge, Massachusetts 02238, Phone: (617)868-9600. The Elementary Economist presents exciting, classroom-tested activities designed to bring economic themes and skills into the elementary and secondary curriculum. Three issues are published per year. Each issue focuses on a specific theme or concept. Permission is granted to reproduce in any quantity for classroom use, in whole or in part, any portion of each publication.

A. Have the class request a free subscription and several back issues if available.

B. Review and select several activities that the class/small group/individual student might carry out during the semester or year.

C. Or, write for instructions and upcoming economic topics or themes to be published and carry out a project related to the theme and submit it for possible inclusion in a future issue of The Elementary Economist.

* * * * * * * * * * *

7. Student/Small Group Activity:

An educational resource that provides examples of innovative and imaginative units in economics is Economic Education Projects. The units vary from elementary classroom corporations to semester courses in economic theory at the university level. The units or projects have been submitted to the annual National Awards Program for the Teaching of Economics Competition. Their aims are to discover outstanding classroom teaching practices, to encourage teachers to prepare written reports of successful teaching experiences for dissemination among educators and to encourage teachers to include and improve the instruction of economic education in the classroom. You are encouraged and challenged to share your exciting economic teaching ideas. For FREE copies of Economic Education Projects or to submit a unit/project of your own, mail your request/submission to the National Depository for Economic Education Awards, Milner 184, Illinois State University, Normal, Illinois 61761.

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NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Components of the Economy

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to Components of the Economy?
Write your comments below:

Suggested Curriculum References for COMPONENTS OF THE ECONOMY

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
Elem/Int	Mini-Society: Experiencing Real World Economics in the Elementary School Classroom
	Amsco School Publications, Inc.
Sec	Economics for Everybody
Sec	Economics: Institution and Analysis
	Bobbs-Merrill Educational Publications
Sec	Your Career in the World of Work
	Glencoe Publishing Company, Inc.
Sec	General Business in Our Modern Society
	Harper and Row, Publishers, Inc.
Sec	Economics: Today and Tomorrow
	Houghton-Mifflin Company
Sec	The American Economy
Sec	Exploring Human Relations
	Joint Council on Economic Education
Int/Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int Sec	Projects by Concept - Economic Education Awards
Elem/Sec	Strategies for Teaching Economics/Intermediate Level
Elem/Int	Strategies for Teaching Economics/Primary Level

Laidlaw Brothers, Publishers

Sec — Free Enterprise - The American Economic System

Lerner Publications Company

Int/Sec — International Trade

Int/Sec — Modern Trade Unionism

Int/Sec — Taxes

McGraw-Hill Book Company

Sec — Business and You as a Consumer, Worker and Citizen

Sec — Economics of Our Free Enterprise System

Charles E. Merrill Publishing Company

Sec — Economics: Principles and Practices

The National Center of Economic Education for Children

Elem/Int — The Elementary Economist

Ohio Vocational Education Division, State Department of Education

Sec — Consumer Education - Curriculum Guide for Ohio

Prentice-Hall, Inc.

Sec — The Economic Problem

W. H. Sadlier, Inc.

Sec — Using Economics - Principles/Institutions/Issues

Scholastic Book Company

Sec — Real Life Consumer Economics

South-Western Publishing Company

Sec — Economics at Work

Sec — Free Enterprise in the United States

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois- 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

Consumer as a
Decision Maker

Economic Component

Consumer as a Decision Maker - Consumer choice has a profound effect on the free enterprise economic system. What the consumer buys, the size of the purchase and how the purchase is paid for all have economic impact. Consumer decision-making concepts include:

- Availability of Substitutes
- Comparative Shopping/Impulse Buying
- Consumer Responsibilities
- Consumption and Waste
- How Consumer Decisions Affect the Work Force
- Loans
- Personal Recordkeeping
- Quality of Goods
- Retirement Systems
- Taxes
- Where to Find Valid Information on Products/Services
- Banking
- Consumer Credit
- Consumer Rights and Protections
- Fundamental Consumer Knowledge
- How Consumer is Influenced (Advertising)
- Investing
- Money Management
- Price/Unit
- Quality of Work
- Savings
- Transfer of Consumer Skills to Other Situations

Objective(s):

1. Summarize the ways consumers can manage their own income.
2. Promote the student's understanding of other concepts of consumer choice.

Content:

The following elements should be considered in Consumer as a Decision Maker:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Income Management			
A. Budget Budget is a plan for spending which often involves determining short and long-range goals, estimating income availability and planning expenditures.	X	X	X
B. Fixed Expenses Costs which occur regularly and must be paid regularly. Examples are rent and mortgage.	X	X	X
C. Variable Expenses Essential costs that can be controlled and changed. Food costs are an example.	X	X	X

	Grade Level Continued		
D. Luxury Expenses Things that provide pleasure. Stereo is an example.	X	X	X
E. Commercial Banks Business establishments whose services include checking accounts, passbook interest accounts, certificates of deposit and time deposit accounts. Other means of savings are being introduced regularly.	X	X	X
F. Savings Banks Business establishments that originally concentrated on time-deposit accounts and interest bearing accounts. They now offer checking accounts.	X	X	X
G. Credit Unions Type of bank organized on a cooperative basis. They also have time deposits and checking accounts.	X	X	X
H. U. S. Savings Bonds Bonds sold by the U. S. Government to encourage individuals to invest and save. These bonds are sold in varying denominations.	X	X	X
I. Securities Public bonds, corporate bonds, stocks and mutual funds are known as securities. These should be considered only after expenses, liquid savings and insurance are satisfied.		X	X
J. Real Estate The purchase of real estate is considered a long-term investment and usually requires an extended loan called a mortgage.		X	X
II. Other Related Concepts			
A. Use of Substitutes	X	X	X

	Grade Level Continued		
B. Consumer Responsibilities	X	X	X
C. Consumption and Waste	X	X	X
D. Taxes	X	X	X
E. Product and Service Information	X	X	X
F. The Influence of Advertising	X	X	X

Suggested Student Learning Activities for

Consumer as a Decision Maker

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1. Small Group Activity

Divide the class into several groups. Consider the following case:

> Joe and Mary have decided to get married as soon as Joe graduates in June—three months away. Mary, a junior, has decided to quit school. She has no job training courses, so she will "keep house." The parents feel that both should finish school first, and that Joe should go to college; they have said, therefore, that they would give no financial assistance. Joe works part time now in a neighborhood filling station and has saved $97 from his $30 weekly salary. It is in a checking account and draws no interest. When he graduates, he will work full time; his gross salary will be $100 a week. The couple has decided to forego a wedding trip and use the money for their new residence. Plan their finances for one year.

The groups must consider many questions and costs, and conduct an actual investigation of such factors as:

Salary:	What is Joe's take-home pay? This will mean determining from Joe's salary - income tax, Social Security, retirement, etc.
Residence:	Where will they live? House or apartment? What part of town? Furnished or unfurnished? Utilities included?
Food Costs:	Planning menus (one month) and shopping for the food to determine cost.
Transportation:	Kind? Cost?
Clothing:	Laundry and cleaning? New clothes?
Furnishings:	Furniture? Linens? Dishes?
Taxes:	Kind? Cost? How financed?
Recreation:	Kind? Cost?
Contingencies:	Medical expenses? Gifts and special events?
Lifetime Earnings Cost:	What will Joe and Mary sacrifice in lifetime earnings by not mastering a skill or going to college?

* * * * * * * * * * *

2. Student/Group Activities:

A. You made several decisions today that express your preference, such as your choice of a cold drink or a candy bar, or you may have decided to save some of last week's income for future use. These are economic votes. Make a list of the choices and decisions which you have made in the past week that are really economic votes.

How seriously would you be affected if there had been no alternatives among which to choose, or someone else made the decision for you?

a) From five magazines or newspapers make a list of all the high-sounding titles and terms (i.e. "Where's the Beef?") used in advertising products. This list should include meaningless, but attractive, slogans and terms.

b) After listing these terms, analyze their truthfulness, their intent and their usefulness from the point of view of the buyer.

Permission for reprint for Activity 2 granted by South-Western Publishing Company, (Consumer Decision Making: Guide to Better Living, 1972.) pp. 13-14, 60.

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3. Student/Group Activities:

Review the local newspaper and/or yellow pages and determine from the ads where you would:

1. get your car repaired
2. eat out with best date
3. attend movie
4. go to borrow money

Identify and make a short written statement on what words and/or pictures in the ad caused you to make the decision.

During group discussions, determine (1) how you feel the product was represented and (2) how you made that determination.

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4. Student/Group Activity:

Develop a list of 10 items normally used by all members of the class. Examples may include toothpaste, paper, pencil, canned peaches, electronic calculator, radio, candy bar, etc. Have the students check in two stores to determine the cost of each of these items.

Item	Store A Cost	Store B Cost
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Summarize the individual data to determine the total cost of the items at the two locations. Discuss the advantages of shopping at one location as opposed to the second.

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5. Student Activity:

How many Banking Terms can you find? _____ Score

BANKING TERMS

E C D S A L I A B I L I T I E S P
L A M I C R S I K N A B A K B H E
B N O G U O Y B V I C O S U A A K
C O A P R W A C O L L A T E R A L
X P N A R S O S P A M S A H I X H
D Z M D E Q [illegible] K I M A P P O D O S
H I I S N N K E F I N A N C E P A
I J K I C F O S L O N M C C Z O C
M U Y N Y E O D E B I T A R O G U
A A P E M O T P A S S I E F P R T
R N N T G U B A S W Q A E R C O S
N O W O G A L C E I O P N Q E I L
M V I O L P O N B T J P D K A S E
A E H S A R A S N H A O O R K I T
S R E T T I K U N D E K R A O N S
I D F E L N O X O R I K S D O M L
T R A S I C A N H A C Y E I B B I
Z A L S C I G T O W I E T K S A F
O F S A X P O S O A S P A O S P C
K T O M J A Z A T L N O W B A A M
C S T Q I L O R R E Y K E A P I S
E T I D E R C O M A C C L I S P Z
H S H A M B R E O M O R T G A G E
C E E N P I A Z P I N A E N B A M
A L K S O M I A U L L E S T O S X
B O D E P O S I T M E N I R A M O

Account	Check	Interest	Refinance
Assets	Collateral	Liabilities	Withdrawal
Bank	Credit	Money	
Bond	Currency	Mortgage	
Capital	Debit	Overdraft	
Cash	Deposit	Passbook	
CD	Endorse	Principal	

* * * * * * * * * * *

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6. Group Activity:

Insurance is a way of buying protection against financial losses to property, health or life from such events as theft, lawsuit, accident, illness, disability or death.

The teacher may select several students who agree to role play the following two scenes concerning insurance for men, women and families.

1. Father advises his married son about the kinds of insurance the son needs.

2. Mother advises her married, employed daughter with two children about the kinds of insurance she needs.

Include a discussion of car insurance, health insurance, life insurance, etc.

Discussion after the role playing should discover that males and females have similar insurance needs.

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7. Small Group Activity:

The instructor should ask the student to do the following:
Choose an actual or future goal such as purchasing a product, paying for a wedding or vacation, etc. After stating the goal, draw up a list of problems related to the achievement of that goal. Use the step-by-step process for decision making. (The six levels for decision-making are listed below.)

Goal: _____

Six Levels of the Decision-Making Process:

1. Define want or need
2. Analyze alternatives in terms of goals
3. Select one of two alternatives
4. Make final decision
5. Accept consequences and responsibilities of decision
6. Evaluate decision for future references

On a separate sheet of paper, apply the six levels of decision-making to your stated goal and discuss results in class.

Adapted from and Permssion for Reprint for Activity 7 granted by Ohio Vocational Education Division, State Department of Education. (Consumer Education-Curriculum Guide for Ohio, 1976.) pp. 56-57.

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8. Group Activity:

Create a checklist for evaluating television ads. Review and evaluate three television commercials. Remember, advertising is the process of making known the goods and services that are available and, through various methods, persuading the consumer to purchase them.

Commercial/Product	Evaluation Criteria
1._____	_____
	_____
2._____	_____
	_____
3._____	_____
	_____

Adapted from and permission for reprint for Activity 8 granted by Maryland ITV, Maryland State Department of Education. (Consumer Squad, 1981.)

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9. Student/Small Group Activity:

Look up the following stores or services in the yellow pages of your local telephone directory. For each group, list two or three places you would go to and tell briefly why you choose those places.

a) automobile repairs and services

b) restaurants

c) hardware stores—retail

d) sporting goods—dealers

e) service stations—gasoline and oil

f) banks

From THE CONSUMER IN AMERICA by W. Richard Plunkett. Copyright © 1979 by Harcourt Brace Jovanovich, Inc. Reprinted by permission of the publisher. p. 151.

* * * * * * * * * * *

10. Student Activity:

Have each student prepare a list of the last 10 items which they purchased and each item's price. In the third column give the reason for the selection.

	Item	Cost	Reason
ex a.	hamburger	1.68	like better than fish
ex b.	gas	1.179	cheapest price
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
Total			

Total the students' individual totals and then the class total. Discuss the total value of the goods and services purchased and explain that each decision was an "economic vote" for one against the other product or service.

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Consumer as a Decision Maker

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* * * *

Suggested Curriculum References for CONSUMER AS A DECISION MAKER

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
Elem	Mini-Society: Experiencing Real World Economics in the Elementary School Classroom
	Cornell University
Sec	The New Adult and Consumer Credit -
	Division of Vocational Education, University of Nebraska, Nebraska Center for Continuing Education
Elem/Int Sec	A Guide to Curriculum Development in Consumer Education
	Federal Reserve Bank of Minneapolis
Sec	Your Credit Rights -
	Ginn and Company
Elem/Int Sec	Buying and Selling
	Glencoe Publishing Company
Sec	Consumer Activity Guide
Sec	Consumer Education
Sec	General Business in Our Modern Society
	Goodheart-Willcox Company, Inc.
Sec	The Confident Consumer
	Harcourt Brace Jovanovich, Publishing, Inc.
Sec	The Consumer in America
Sec	Consumer Mathematics
	Illinois State Board of Education
Sec	Consumer Education in Illinois Schools: Grades 8-12

Joint Council on Economic Education

Elem/Int/Sec — Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition

Elem/Int/Sec — Projects by Concept - Economic Education Awards

Int/Sec — Strategies for Teaching Economics/Intermediate Level

Elem/Int. — Strategies for Teaching Economics/Primary Level

Laidlaw Brothers, Publishers

Sec — Learning to Be a Better Buyer

Maryland ITV, Maryland State Department of Education

Elem/Int — Consumer Squad

McGraw-Hill Book Company

Sec — Business and You as a Consumer, Worker, and Citizen

Sec — Economics of Our Free Enterprise System

Sec — Understanding Business and Personal Law

The National Schools Committee for Economic Education

Elem/Int — You Choose

Procter and Gamble Company

Elem/Int — Consumer Choice

W. H. Sadlier, Inc.

Sec — Using Economics - Principles/Institutions/Issues

Sears, Roebuck and Company, Consumer Information Service

Elem/Int Sec — A Department Store in the Classroom

Scholastic Book Services

Sec — Real Life Consumer Economics

South-Western Publishing Company

Sec — Consumer Decision Making - Guide to Better Living

Sec — Economics at Work

Sec — Free Enterprise in the United States

Vocational Education Division State Department of Education

Int/Sec — Consumer Education Curriculum Guide for Ohio

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

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Joint Council on Economic Education
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New York, New York 10036

Fact
711 Third Avenue
New York, New York 10017

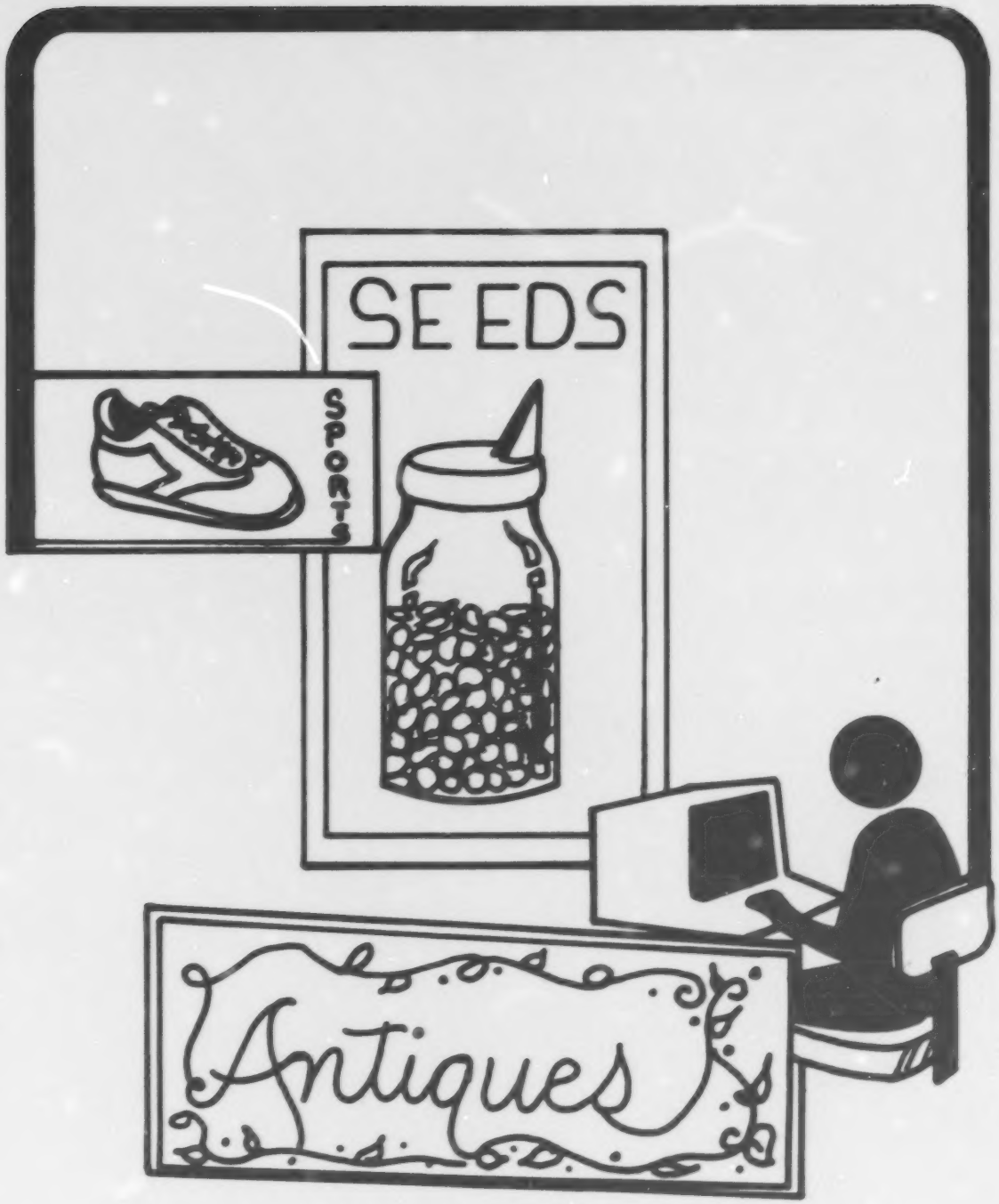
Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814


SEEDS
SPORTS
Antiques

Economic Component

Small Business Functions - The greatest number of businesses in the free enterprise system of the U.S. are considered small businesses. This is a result of a free enterprise economy which allows anyone to enter business. Many activities, or functions, must support successful small business including:

- Advantages/Disadvantages of Business Ownership
- Creating a New Business
- Fixed Costs
- Gross Profits
- Production/Service Costs
- Risk Taking
- Small Business Management Skills
- Taxes and Recordkeeping
- Venture Capital Gain
- Business Law
- Competition
- Financing
- Government Regulations and Reports
- Market Prices
- Profit Motive
- Skills Exhibited by Entrepreneurs
- Strategies for Self-Sufficiency
- Time Demands

Objective(s):

1. Identify types of business ownership.
2. Define entrepreneurship.
3. Develop a plan for small business.
4. Give examples of how to implement a business plan.

Content:

The following elements should be considered in Small Business Functions:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Small Business			
A. Entrepreneurship	X	X	X
An entrepreneur is one who is willing to take risks in order to build a business. Profit is common motive of entrepreneurs.			
B. Owning a Business	X	X	X
Sole proprietorship. Partnership. Corporation. Cooperative.			
C. Planning a Small Business	X	X	X
Studying the competition. Developing a plan of operation. Surveying applicable government regulations.			

	Grade Level Continued		
D. Implementing Plan Determine sales volume. Select a site. Identify marketing plan. Secure needed financing.	X	X	X
II. Other Related Concepts			
A. Accounting Procedures	X	X	X
B. Understanding Law	X	X	X
C. Government Regulations	X	X	X
D. Entrepreneurial Skills	X	X	X
E. Time Demands	X	X	X

Suggested Student Learning Activities for

Small Business Functions

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1. Small Group Activity:

The class might survey the types of business organizations in the community. After the types and organizations have been identified and listed, divide the class into four groups. Assign each group one type of organization to investigate.

Proprietorship - An individual is the owner of the business.

Partnership - Two or more individuals agree to run a business. They pool their finances and know how and share the risks, projects and losses of the firm.

Corporation - A legal unit separate from its owners. It is actually a "legal person" that can carry on all the functions of other types of businesses.

Cooperative - An incorporated association that is owned by its customers.

Prior to going to the businesses to seek information, the groups of students might compile a set of questions to ask so comparisons can be made after the visits. Some of the questions might include:

1. How is the business started?
2. Who owns the business?
3. Whom does the business serve?
4. Who decides operative policy?
5. Who manages?
6. If voting is necessary, how is it done?
7. How is the business financed?
8. Who gets the profits? How are profits distributed? (void names - use categories, i.e. owner, partners or stockholders.)
9. What is the owner's liability?
10. What are the advantages of this type of organization? Disadvantages?
11. What government regulations are imposed - local, state, federal?
12. How may the business be terminated?

* * * * * * * * * * *

2. Student and/or Small Group Activity:

Students can gain experience in solving business problems in a logical manner by using the case study technique. The steps include:

Determine what the problem is

Get the facts

Examine alternative solutions in terms of company objectives

Select the best solution

Case study on business ownership:

A garage owned by two partners provides storage for its customers' automobiles which it also services. The garage sells gasoline, oil, tires and accessories to the public and advertises a repair service for all makes of cars. Besides the two partners, both of whom are skilled automotive mechanics, there are four competent mechanics, one porter and two helpers who dispense gas and oil and check tires and water. In their anxiety to give the best possible service to their customers, each partner feels responsible for everything that is done. As a result, there are often frequent disagreements, each partner issuing orders that often conflict and are embarrassing to both customers and workers. What steps would you suggest to organize this garage for work without conflict? Give your reasons.

_____

_____

_____

_____

_____

_____

_____

_____

* * * * * * * * * * *

3. Student and/or Small Group Activities:

Would you like to own a business for 20 years? How do you think your business will have to change during this 20-year period? Will you be providing the same products or services 20 years from now?

(Place your responses on the lines below.)

A sole proprietor is responsible for all areas of a business operation including buying, selling, financing, recordkeeping and many other activities. Does this mean that only people with exceptional intelligence, organizational skills or other similar qualifications can be successful at being sole proprietors? Or can virtually anyone succeed at being a sole proprietor if he or she is determined enough?

(Place your responses on the lines below.)

Adapted from and permission for reprint for Activity 3 granted by Illinois State Board of Education. (Owning and Operating a Small Business, 1976.) p. 128.

* * * * * * * * * * *

4. Group Activity:

Divide the class into two groups. Group I will develop a list of advantages to owning your own "small business." Group II will develop a list of advantages to being an employee.

Group I	Group II
Ownership Advantages	Employment Advantages
1. can establish hours of business	1. no responsibility after 5
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.

Discuss the advantages to ownership vs. employment. What are the disadvantages to each position.

_____

_____

_____

_____

_____

* * * * * * * * * * *

5. Group Activity

A. Make a market analysis of the local community by segmenting the potential customers into groups. The market can be divided by age, sex, marital and family status, employment and income. (Pick three of these.)

B. Match products and services for these groups.

C. Once products and services have been matched with market groups, decide whether or not existing businesses in the local community are adequately meeting those customers' wants and needs.

D. The results of the activity can be written on the chalkboard and discussed by the entire class. The activity can also be accomplished by dividing the class into groups, and having each group work independently.

MARKET ANALYSIS CHART

Customer Listings	Group _____			Group _____			Group _____		
	Products	Services	Meets the Ns and Ws	Products	Services	Meets the Ns and Ws	Products	Services	Meets the Ns and Ws

Adapted from and reprint permission for Activity 5 granted by Illinois State Board of Education. (Owning and Operating a Small Business, 1976.) p. 19.

* * * * * * * * * * *

6. Small Group Activities:

Advertising is the process of making known the goods and services that are available and, through various methods, persuading the customer to purchase them. Display refers to exhibiting the products or services you are selling. Market refers to the process of selling a product, deciding what goods or services consumers want and providing them where they are needed, when they are needed and at a price the buyer is willing to pay.

Develop a total sales promotion campaign to include advertising, display, market and any other means of promotion that could be useful in promoting a particular business.

(Specify your promotional campaign plans on the following lines.)

ADVERTISING: _____

_____

_____

_____

DISPLAY: _____

_____

_____

_____

MARKET: _____

_____

_____

_____

OTHER: _____

_____

_____

_____

Adapted from and reprint permission for Activity 6 granted by Illinois State Board of Education, (Owning and Operating a Small Business, 1976.) p. 96.

* * * * * * * * * * *

7. Student Activity:

Credit is a loan extended to customers permitting them to make purchases and pay for them later.

DIRECTIONS: This is not a test. There are no right or wrong answers. It is a measure of opinions and attitudes. Read each statement carefully. Then place a check mark (✓) in the space that most nearly describes your opinion about it.

	Agree	Dis-agree	Don't Know
1. Buying on installment credit nearly always leads to financial trouble.	____	____	____
2. Sometimes the only way people can get things they need is by using credit.	____	____	____
3. Paying bills on time is the only responsibility you have to think about when using credit	____	____	____
4. Stores should be able to take back or repossess purchases when people do not pay for them.	____	____	____
5. Credit should be used only as a last resort in buying goods and services and meeting family needs.	____	____	____
6. Buying can be influenced by the type of credit available.	____	____	____
7. Having an established credit rating is as good as having money in the bank.	____	____	____
8. Credit is sometimes used because it is the simplest way to pay for certain goods and services.	____	____	____
9. Using credit can help families raise their level of living.	____	____	____
10. Credit should not be used if a person has enough cash to pay for the purchase.	____	____	____

	Agree	Dis-agree	Don't Know
11. Credit contracts should be read carefully before they are signed.	____	____	____
12. Credit should be used only for emergencies.	____	____	____
13. An individual or family should decide for themselves how much credit they can use.	____	____	____
14. Credit can be a form of savings.	____	____	____
15. It is just as important to shop for credit as it is to shop for goods and services.	____	____	____
16. A person with a good credit rating can often get better credit terms than a person without an established credit rating or with a poor rating.	____	____	____
17. The use of credit increases your income.	____	____	____
18. Buying on credit usually costs more than buying with cash.	____	____	____
19. Using credit involves responsibility.	____	____	____
20. It is necessary to know the cost of credit to use it intelligently.	____	____	____
21. Credit is a service for which consumers pay.	____	____	____
22. Consumer credit is a method of satisfying present needs and wants by using future income.	____	____	____
23. Credit can be used safely only when it involves amounts of money that can be easily repaid out of future income.	____	____	____
24. The ability to obtain credit depends on your credit rating and the security you can offer.	____	____	____

Acknowledgment for Activity 7 is given to the University of Illinois Cooperative Extension Service.

* * * * * * * * * * *

8. Student/Group Activities:

Competition in economic terms refers to the rivalry between producers and sellers of goods and services for business. The incentive that leads people to go into business and produce and sell goods and services is what is known as profit motive.

How might the United States economic system differ if there was no competition? If there was no profit motive?

_____

_____

_____

The word entrepreneur is French. It means the organizer or manager of a venture. The term is also used to refer to people who have founded or developed a business of their own that has become a highly successful, profitable organization because of their ingenuity and business skill.

a. Who are some local, successful entrepreneurs?

_____

_____

_____

b. What service do they provide or what product do they produce?

_____

_____

_____

c. Who are some famous entrepreneurs of the past and present?

_____

_____

_____

d. Who might be the enterpreneurs of the future and what will they produce or provide?

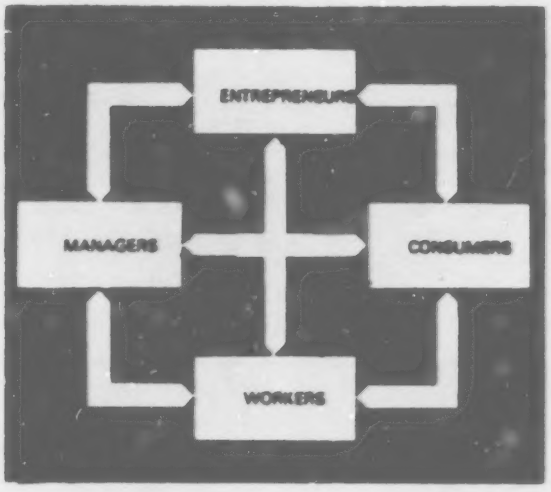
_____

_____

_____

Define the word interdependence as it might relate to free enterprise and economics. Discuss the four groups listed in the figure below and how they depend on each other. (Try to first focus on local examples.)

Interdependence refers to:



Discuss the interdependence of the four groups in the chart.

How does a monopoly differ from an oligopoly?

Adapted from and reprint permission for Activity 8 granted by Addison-Wesley Publishing Company. (Richard M. Hodgetts and Terry L. Smart, Essentials of Economics and Free Enterprise, 1982.) p. 36.

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NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Small Business Functions

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to Small Business Functions?
Write your comments below:

Suggested Curriculum References for SMALL BUSINESS FUNCTIONS

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Elem/Int	Mini-Society: Experiencing Real World Economics in the Elementary School Classroom
	Bobbs-Merrill Educational Publications
Sec	Your Career in the World of Work
	Channing L. Bete Company, Inc.
Sec	What You Should Know About Profits
	Glencoe Publishing Company, Inc.
Sec	General Business in Our Modern Society
	Houghton-Mifflin Company
Sec	Recordkeeping - The Total Concept
	Illinois State Board of Education
Sec	Owning and Operating a Small Business
	The Interstate Printers and Publishers, Inc.
Sec	Economics: Applications to Agriculture and Agribusiness
Sec	The Farm Management Handbook
Sec	Financial Planning in Agriculture
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int	Projects by Concept - Economic Education Awards
Sec	Strategies for Teaching Economics: Basic Business and Consumer Education

Int/Sec	Strategies for Teaching Economics/Intermediate Level
Elem/Int	Strategies for Teaching Economics/Primary Level
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Sec	Understanding Business and Personal Law
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Elem/Int	You Choose
	Proctor and Gamble Company
Elem/Int	Consumer Choice
	W. H. Sadlier, Inc.
Sec	Using Economics - Principles/Institutions/Issues
	South-Western Publishing Company
Sec	Creating a New Enterprise

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New York, New York 10021

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Houghton Mifflin Company
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Geneva, Illinois 60134
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Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

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Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

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American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
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The Technology Teacher
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New York, New York 10036

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Chicago, Illinois 60611

Fact
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New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

COMPETITION
SUPPLY
DEMAND

Economic Component

Economic Principles in the Marketplace - In order for the marketplace to function effectively in a free enterprise economic system like that of the U. S., there is considerable dependence on concepts that apply, such as:

- Advertising
- Competition
- Goods/Services
- Investment and Return
- Profit/Loss
- Retirement Systems
- Sales
- Stock Market
- Tax Planning
- Types of Markets
- Capital
- Factors of Production
- Inflation
- Productivity
- Quality of Business
- Role of Profit
- Scarcity
- Supply and Demand
- Technology
- Uses and Functions of Money

Objective(s):

1. Promote the student's understanding of economic principles affecting the marketplace.
2. Describe supply and demand.
3. Explain the price mechanism.
4. Promote the student's understanding of the effects of competition on market structure.
5. Explain the concept of market failure.
6. Describe income distribution and redistribution.

Content:

The following elements should be considered in Economic Principles in the Marketplace:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Supply and Demand - Supply is the quantity of a good or service offered by producers at a given price at a given time. Demand is the quantity of a good or service for which consumers are willing to pay a given price at a given time. Effective demand is the ability to pay for a desired product or service.			
A. Law of Supply and Demand Supply of a good or service will tend to rise when demand is great and fall when demand is low.	X	X	X
B. Competing Demand Increased demand for one good or service might lessen the demand for others.		X	X

	Grade Level Continued		
C. Complementary Demand Increased demand for one good or service might increase the demand for others.		X	X
D. Elasticity of Demand The extent to which demand for a good or service will vary according to a change in price.		X	X
II. Price Mechanism			
A. Price The exchange value of goods or services stated in money terms.	X	X	X
B. Effects on Supply and Demand of Prices The quantity of a good or service that consumers will buy at various prices can be shown on a demand curve. The quantity of a good or service sellers are willing to provide at various prices can be shown on a supply curve. The price that will best satisfy buyers and sellers is the equilibrium price. It is the place where supply meets demand.		X	X
III. Competition and Market Structure			
A. Competition Occurs when more than one firm or individual tries to attract customers.		X	X
B. Competition Among Producers Price competition. Quality competition. Variety competition. Efficiency or service competition. Advertising competition.		X	X
C. Perfect Competition No one has more power to buy or sell than anyone else, and sellers offer nearly identical goods. This type of competition encourages		X	X

	Grade Level Continued		
efficiency and productivity.			
D. Imperfect Competition		X	X
Sellers have control over prices.			
E. Differentiated Competition		X	X
Many companies sell similar goods.			
F. Oligopolistic Competition		X	X
Limited producers with limited opportunity for new producers.			
G. Monopoly		X	X
One company is the only seller of goods and services.			
IV. Market Failures			
A. Information Costs			X
Cost to inform all consumers of goods and services available at different prices.			
B. Resource Immobility			X
Resources located in one place might not be movable to another location.			
C. Social Costs			X
Costs of correcting problems (pollution, for example).			
V. Income Distribution and Government Redistribution			
A. Income Variations	X	X	X
Amount of money earned by individuals is not equal. Occupations cause income differentials (supply and demand and type of work). Educational differences cause income differentials.			
B. Income Determination	X	X	X
In free enterprise, each worker would			

	Grade Level Continued		
make a private agreement with his/her employer. Fixed salary scale is based on a predetermined value placed on jobs the worker will perform. Collective bargaining allows workers to negotiate salary and wage scales with management.			
C. Government Redistribution of Income Taxing some persons or companies. Transfer of payments to others (social security, housing subsidies, etc.).	X	X	X
VI. Other Related Concepts			
A. Factors of Production		X	X
B. Inflation	X	X	X
C. Productivity	X	X	X
D. Quality of Business	X	X	X
E. Uses and Functions of Money	X	X	X

Suggested Student Learning Activities for

Economic Principles in the Marketplace

---

1. Student/Group Activity:

   Assign each member of the class the respective variables to clarify them for IRS purposes.

Marital Status	Dependents	Income	Tax
1. married	2	18,000	_____
2. single	0	23,000	_____
3. married	7	12,438	_____

   Have each student review the IRS forms to determine the amount they would have to pay at their assigned level.

   Compare these figures and discuss the effect of Government Redistribution of Income. As a group, discuss the advantages and disadvantages.

Advantages	Disadvantages
1. equal education opportunities	1. unmarried pay for education of married counterparts children
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

* * * * * * * * * * *

2. Student/Group Activity:

   Obtain a speaker from advertising firms, newspaper advertisement departments, etc. to talk to the students about the criteria they use in deciding how to best sell/market the product that they will be promoting.

   After the speaker's talk, have the students write a report paper based on the information obtained from the experience along with further research on the topic of advertisement in the library.

* * * * * * * * * * *

3. Student/Group Activities:

All advertisers would like to know how good their ads are. The most common way of testing is to show different ads to people and ask them if they remember them. This is known as the recall method.

Recently, however, a new type of test has been introduced. This one relies more on physical eye movement than on memory recall. Supporters of this new way of testing advertising effectiveness claim it takes people a while before they can remember ads. Therefore, the recall method is not the best test to use to test an ad's immediate effectiveness. What the advertisers should do is find out what kind of ads really get the consumer's attention.

A. Create your own advertisements for new products (e.g. checkerboard sidewall tires, combination knife and sharpener or peanut butter turnovers.) Some guidelines might be:
   - the product must be non-existent
   - both narrative and pictorial matter should be included
   - the ads should be mounted for display

B. Analyze and discuss a variety of types of advertising, including newspapers, magazines, yellow pages, radio, TV and billboards. Identify the words, phrases and slogans used to make people want to buy the products advertised. List separately those commercials which:

- overstate the case _____
- misrepresent the product _____
- use words that sound good, but are actually meaningless _____
- are simply endorsed by a famous person _____

Do you question the information contained in these advertisements? Defend or reject a well-known commercial.

_____

_____

_____

_____

_____

Adapted from and permission for reprint for Activity 3 by Ohio Vocational Education Division. (Consumer Education - Curriculum Guide for Ohio, 1976.) pp. 99-100.

* * * * * * * * * * *

4. Student/Group Activity:

Inflation is a general increase in prices. It has also been described as "too many dollars chasing too few goods." There are basically three different types of inflation: demand-pull inflation, cost-push inflation and structural inflation. Their individual definitions are as follows:

Demand-Pull Inflation - This occurs when the amount of money available for purchases of goods and services increases, resulting in the bidding up of prices.

Cost-Push Inflation - This occurs when autonomous increases in the prices of the factors of production or disruptions in supplies of factors generally cause firms to reduce their offerings of goods and services to the market at prevailing prices, resulting in the bidding up of their prices.

Structural Inflation - This occurs when prices in some areas of the economy do not fall as readily as prices rise in a bottleneck sector, resulting in a general upward creep in prices.

Have students pretend they are on a fixed monthly net income of $1,000 per month (take-home pay). Have them itemize a list of how they would spend their $1,000, assuming they are married and have two children, ages two and five. Make the list contain no more than nine general categories of spending (the most important ones) and mark the dollar amount (as part of the $1,000) in Column A (first month). Put the balance in miscellaneous, but make sure it is not greater than 5 percent of the total budget. Students are to check on a monthly basis and document the fluctuation of the nine items over a period of three months.

Items	A (First Month)	B (Second Month)	C (Third Month)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10. Miscellaneous	_____	_____	_____
TOTALS	$1,000	$1,000	$1,000

Permission for reprint for Activity 4 granted by Scott, Foresman and Company. (Great Ideas for Teaching Economics, 1984.) p. 40.

* * * * * * * * * * *

5. Student/Group Activity:

Marketing, which is sometimes called distribution, refers to activities involved in moving goods and services from the producer to the consumer. Goods are of little use unless they reach the consumer, who will buy them. Marketing deals with the actual moving of goods from factory to store. It includes the storage of goods in warehouses until they are desired. It also is concerned with the actual selling of services and goods. The advertisements one sees on the television or in the newspaper are part of the marketing function.

Have each student in class select a product they use at home (i.e., toothpaste or music records). Have them write to the manufacturer of the specific product, identify themselves and seek help in answering the questions listed below.

Name of product selected: _____

Explain how the product reaches the consumer.

_____

_____

_____

_____

What research study (studies) was done to determine that consumers would purchase the product?

_____

_____

_____

_____

Who sells the product to the retailer? (i.e., sales representative of the manufacturer or a wholesaler)

_____

_____

_____

_____

How is the product advertised, displayed and promoted (attach examples if possible).

What methods of transportation are used to get the merchandise to the retailer?

What are the names of competing substitutes or brand products that a consumer might compare price and quality?

What type of risks does the retailer deal with in buying and selling the product?

Explain, in brief, why the buyer doesn't purchase the product directly from the manufacturer or producer.

* * * * * * * * * *

6. Group Activity

Role play sales situations, using one person as a salesperson and one as a consumer. Evaluate through class discussion.

_____

_____

_____

Invite the owner of a small grocery store to discuss the methods he/she uses to compete with large chain supermarkets.

_____

_____

_____

_____

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* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Economic Principles in the Marketplace

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to Economic Principles in the Marketplace?
Write your comments below:

Suggested Curriculum References for ECONOMIC PRINCIPLES IN THE MARRKETPLACE

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
Sec	Understanding Economics--Overview for Teachers/Experience for Students
	The Advertising Council, Inc.
Sec	Dollars and Sense
Sec	Productivity and Your Part in It . . .
Sec	You Are the American Economic System
	Channing L. Bete Company, Inc.
Int/Sec	What You Should Know About Profits
	Division of Vocational Education for Ohio
Sec	Consumer Education Curriculum Guide for Ohio
	Harper and Row, Publishers, Inc.
Sec	Economics: Today and Tomorrow
	Illinois State Board of Education
Sec	Advertising Services: A Suggested Curriculum Guide
Sec	Marketing and Distributive Education Curriculum Guide for Business/Personal Services
Sec	Marketing and Distributive Education Curriculum Guide in General Marketing
Sec	Marketing and Distributive Education Curriculum Guide to Finance and Credit
Sec	Marketing and Distributive Education Curriculum in Food Marketing

Sec	Marketing and Distributive Education Curriculum Planning Guide
Elem/Int	Trade-Offs
	International Film Bureau
Sec	Marketing and Distributive Education
	Interstate Printers and Publishers, Inc.
Sec	Modern Marketing of Farm Products
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int Sec	Projects by Concept - Economic Education Awards
Int/Sec	Strategies for Teaching Economics/Intermediate Level
Sec	Strategies for Teaching Economics/Primary Level
	Lerner Publications Company
Sec	How a Market Economy Works
Sec	The Stock Market
	McGraw-Hill Book Company
Sec	Economics of Our Free Enterprise System
	South-Western Publishing Company
Sec	Economics at Work
Sec	Free Enterprise in the United States

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

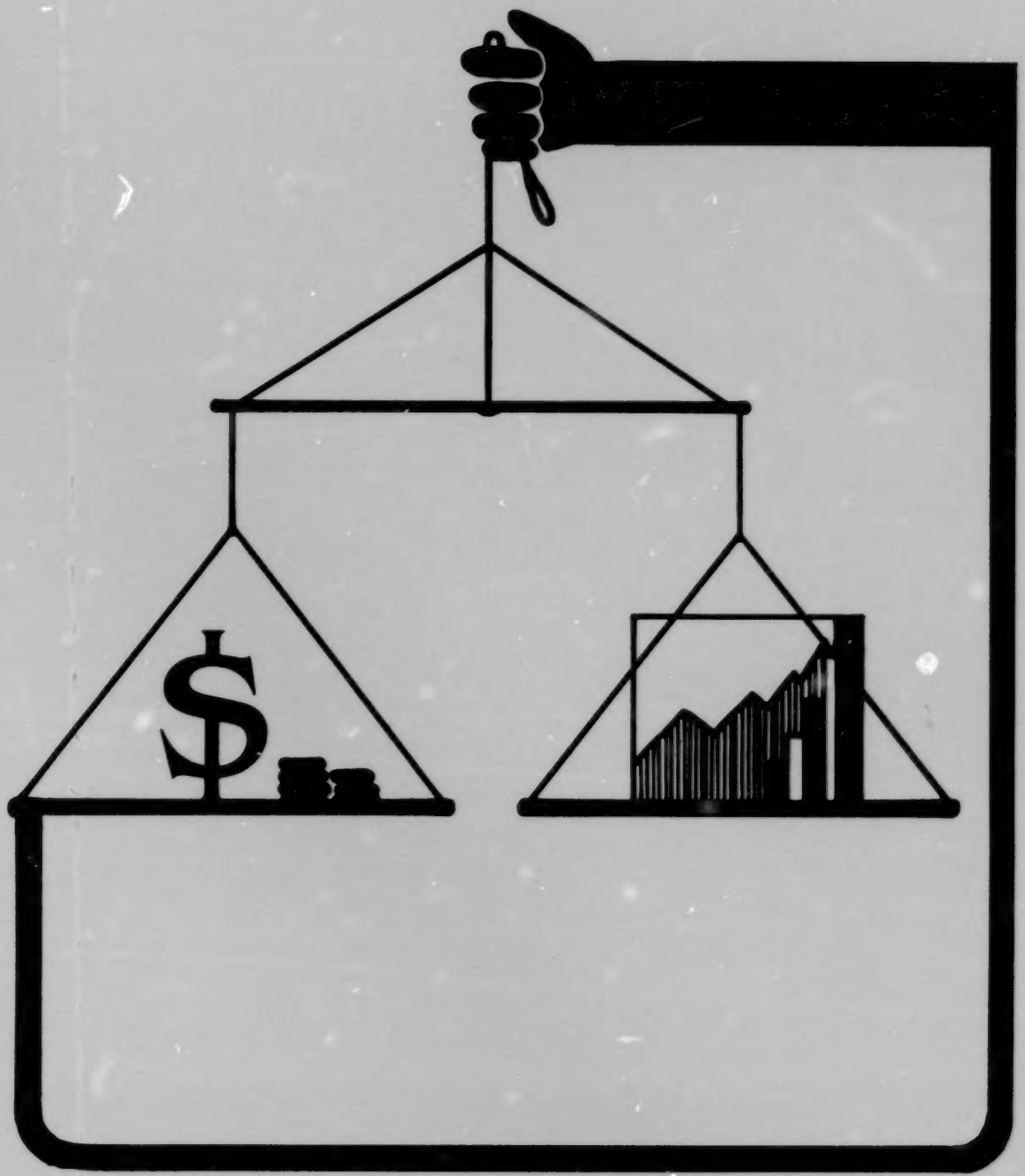
Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

Economic Stability and Growth



Economic Component

Economic Stability and Growth - Maintenance and advancement in the U. S. economy are desirable in order for the U. S. to hold a position of world superiority. Economic concepts that contribute to stability and growth are:

- Balancing Controls and Freedom
- Credit and Finance
- How Business Can Stimulate/ Stifle Economic Growth
- Role of Government
- What Affects Economic Stability and Growth
- Business Cycles
- High Technology
- Productivity
- Retraining Dislocated Workers
- Savings and Investments
- What are Indicators

Objective(s):

1. Summarize the concepts related to economic fiscal policy.
2. Promote the student's understanding of economic growth.
3. Define, discuss and promote student understanding of business cycles, productivity and technology as these concepts relate to Economic Stability and Growth.

Content:

The following elements should be considered in Economic Stability and Growth:

	Grade Level		
	Elementary	Intermediate	Secondary
I. Fiscal Policy			
A. Taxes	X	X	X
Compulsory payments made by people and corporations for the government's general support and for the maintenance of public services. Taxes increase as government spends more money. Government costs increase because of inflation, population growth and demand for more government services.			
B. Types of Taxes	X	X	X
Basically, there are two types of taxes. These are progressive taxes and regressive taxes. A progressive tax is one that takes a larger proportion of income from high-income people than from low-income people. An example of this is the federal personal income tax. As income rises, the tax rate increases, so larger proportions of income are paid as taxes. At the highest tax rates, as much as 50 percent of income may be paid in taxes. Inheritance taxes and excise taxes on luxury goods are other examples of progressive taxes.			

	Grade Level Continued		
A regressive tax is one that takes a smaller proportion of income from high-income people than from low-income people. The state sales taxes are examples of a regressive tax. Sales taxes are regressive because high-income people pay a smaller proportion of their income on goods and services subject to these taxes. Because of this, attempts have been made to make the taxes more progressive. A number of states do not collect sales taxes on food and medicine.			
C. Fiscal Policy		X	X
The government's policy toward taxation, public expenditures, and public debt. Surplus budget—the government spends less than it takes in with taxes. Deficit budget-the government spends more than it takes in with taxes. National debt—represents all the money that the government has borrowed from citizens, banks, businesses and other lenders, plus the interest on these loans.			
D. Transfer of Payments		X	X
Payments of money for which no current goods or services are produced. Examples include pensions, subsidies and interest on the national debt.			
II. Economic Growth			
A. Meaning of Economic Growth		X	X
An increase of per capita output. An improvement in economic conditions.			
B. Factors in Economic Growth		X	X
Certain things must be given up (opportunity costs) such as leisure and consumption. Influence comes from business firms, individuals and government.			
III. Other Related Concepts			
A. The Effect of Business on Economic Growth		X	X
B. Business Cycles		X	X
C. Productivity	X	X	X
D. Technology	X	X	X

Suggested Student Learning Activities for

Economic Stability and Growth

1. Student/Group Activity:

Supply-side economics is the theory that holds prosperity will come about if the supply of goods and services is increased through tax cuts that will stimulate investment and production. Demand-side economics, on the other hand, emphasize a stimulation or reduction in the demand for goods and services.

After researching further have two student teams present a debate, with one team defending supply-side economics and the other defending demand-side economics.

Students participating on teams:_____

Topics selected:_____

Resources identified and used in the debate preparation:

_____

_____

_____

_____

_____

Date the debate is to be presented to the class:_____

Comments:_____

_____

_____

_____

_____

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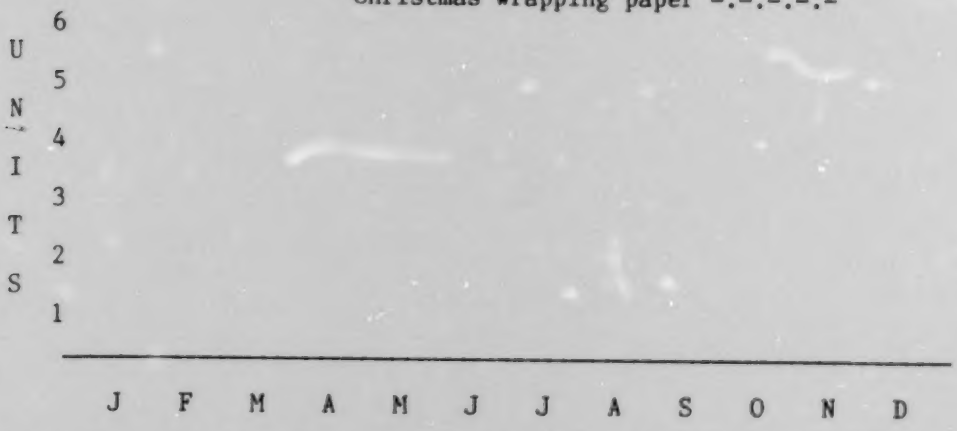
* * * * * * * * * *

2. Student/Small Group Activity:

Have the individuals or small groups chart the consumption of three items over a calendar year. The items are fuel (heat), bread and Christmas wrapping paper. Code: fuel ————————
bread _____
Christmas wrapping paper -.-.-.-.-



Discuss as a group the business cycles which would go with these items. How is stability and growth influenced by these demand cycles?

Stability refers to the attempt to keep inflation under control whereas growth refers to the economy expanding in size.

* * * * * * * * * * *

3. Student Activity

Give students this assignment: Do you know anyone who lives on a fixed income such as a pension? Perhaps your grandparents, another member of the family or a family friend or neighbor. Take the time to talk with that person and ask her or him how inflation affects that person's living style.

Why are rising prices particularly hard on people who live on a fixed income?

_____

_____

_____

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* * * * * * * * * * *

4. Student/Small Group Activity:

Should our government break up big business because they have become "too powerful"?

Research the current break up of American Telephone and Telegraph Company (AT&T).

Name of News Article Date Source

_____

_____

_____

_____

_____

_____

List the major steps in the process of breaking up AT&T.

_____

_____

_____

_____

_____

_____

What are the advantages (if any) and disadvantages (if any)?

_____

_____

_____

_____

_____

_____

* * * * * * * * * * *

5. Student/Group Activity:

Have students collect information about the growth of inflation from newspapers, magazines or other news sources like radio and television. Such data may be collected, dated and recorded in a scrapbook or used as a bulletin board display. Have a student group analyze this information to determine the rate of inflation and report their findings to the class. The class as a whole might consider possible meanings of the economic term "real income" during a period of inflation. Of course, inflation refers to the state of the economy when prices increase rapidly, with incomes often rising to match.

News Item	Date	Source

Record the inflation rate for:

1981 _____

1982 _____

1983 _____

1984 _____

1985 _____

Possible meanings of the economic term "real income" during a period of inflation:

_____

_____

_____

_____

_____

* * * * * * * * * * *

6. Student/Small Group Activity:

Taxes are compulsory fees paid by people or corporations to support the government and to maintain public services. Keeping this in mind, assume you have heard the statement--"There is no such thing as a free lunch." Explain this statement:

_____

_____

_____

_____

_____

_____

List the major kinds of state taxes and explain each tax.

1) _____

_____

2) _____

_____

3) _____

_____

4) _____

_____

What tax sources make up the federal government dollar? What services does your federal tax dollar provide?

TAX	SERVICES
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

* * * * * * * * * * *

7. Student/Small Group Activity:

When shopping for credit, you should look for monthly payments you can afford and a contract you can understand. Remember to borrow only the amount you need. Use the following chart to shop for your credit purchases.

	SOURCES OF CREDIT			
	Store A Credit Charge	Bank Credit Charge	Credit Union Charge	Store B Credit Charge
1. Cash price (including tax) or cash loan				
2. Down payment, if required				
3. Trade in				
4. Unpaid balance (1 minus 2 and 3)				
5. Other charges, if any				
6. Amount financed (4 plus 5)				
7. Finance charge				
8. Total of payments (6 plus 7)				
9. Total cost (1 plus 5 plus 7)				
10. Annual Percentage Rate				

Using the chart on page 130, compare the difference in the dollar amounts of Finance charge in line 7, Total of payments in line 8, Total costs in line 9 and Annual Percentage Rate in line 10.

_____

_____

_____

Acknowledgment for Activity 7 is given to the University of Illinos Cooperative Extension Service.

* * * * * * * * * * *

8. Group Activity:

After an explanation of the purposes and techniques of debate, students may select from these topics and prepare to debate the issues.

1. Resolved, that credit should be extended to minors.
2. Resolved, that the federal government should not regulate business in any way.
3. Resolved, that minors be required to save a stated percentage of their earnings.
4. Resolved, that our town should offer tax-exemption incentives to bring a new industry.
5. Resolved, that every car owner should be required to pay an uninsured motorist's fee.
6. Resolved, that all banks should be required to belong to the Federal Deposit Insurance Corporation.
7. Resolved, that all packaging of the same product be standardized by law.
8. Resolved, that all advertising be abolished.

(This activity works best with eleventh and twelfth grade students, but can be effective with younger students if enough time is spent teaching debate skills.)

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Economic Stability and Growth

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to Economic Stability and Growth?
Write your comments below:

Suggested Curriculum References for ECONOMIC STABILITY AND GROWTH

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
Sec	Teaching Economics--Content and Strategies
	Amsco School Publications, Inc.
Sec	Economics for Everybody
Sec	Economics: Institutions and Analysis
	Division of Vocational Education for Ohio
Sec	Consumer Education Curriculum Guide for Ohio
	Harcourt Brace Jovanovich, Publishing, Inc.
Sec	The Development of American Economic Life
	Houghton-Mifflin Company
Sec	The American Economy
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int Sec	Projects by Concept - Economic Education Awards
Sec	Strategies for Teaching Economics/Intermediate Level
	Laidlaw Brothers, Publishers
Sec	Free Enterprise - The American Economic System
	McGraw-Hill Book Company
Sec	The Economics of Marketing
Sec	Economics of Our Free Enterprise System

Charles E. Merrill Publishing Company

Sec — Economics: Principles and Practices

Prentice-Hall, Inc.

Sec — The Economic Problem

W. H. Sadlier, Inc.

Sec — Using Economics: Principles/Institutions/Issues

South-Western Publishing Company

Sec — Economics at Work

Sec — Free Enterprise in the United States

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

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Gregg Division, McGraw-Hill Book Company
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New York, New York 10021

Business Exchange
Houghton Mifflin Company
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Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

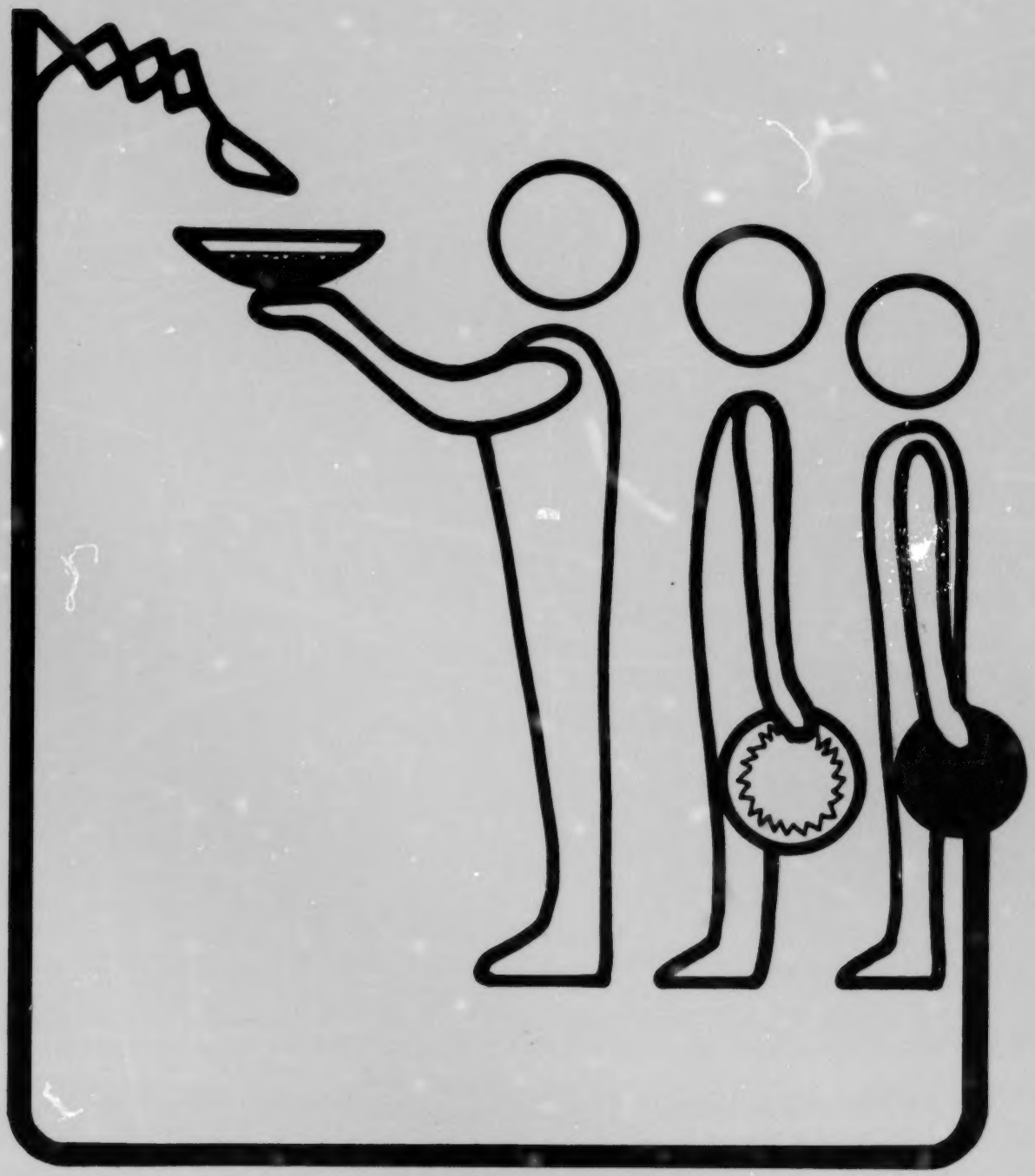
Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

Economic Concerns of
the Future



Economic Component

Economic Concerns of the Future - Changing technology, the "shrinking" world and other factors will have an effect on the economy of the future in the U. S. Economists try to forecast future economic activity by looking at many concepts including:

- Automation/Robotics
- Common Unit of Exchange
- Devaluation of Currency
- Employment
- Food
- Fossil Fuel Substitutes
- Historical Perspective on Economic Evolution
- Lifestyle Change
- Recognition and Understanding of Economic Indicators
- Balance of Trade
- Components Necessary for Economic Stability and Growth
- Energy
- Forecasting
- High Technology Impacts
- How to Prepare for Future Economic Concerns
- Population
- World Economy Tied to Inflation, Resources and Imports

Objective(s):

1. Promote the student's understanding of potential economic problems of the future.

Content:

The following elements should be considered in Economic Concerns of the Future:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Future Problems			
A. Automation Production takes place with machinery and equipment rather than with people.	X	X	X
B. Employment Activity in which one engages or is employed—working in/at a paid job setting.	X	X	X
C. Energy Power applied by the environment. It is often used to do work. Energy may be supplied by human or nonhuman sources. Nonhuman energy sources include animals, wind, water, coal, oil, electricity, the internal combustion engines and nuclear and solar power systems.	X	X	X
D. Changes in Lifestyle One of the most meaningful expectations of one's future is the establishment of a life-	X	X	X

style. A person will develop his/her life-style gradually. As an individual makes value judgments in everyday life, he/she will be shaping a pattern for living. One's value judgments will be influenced by one's family background, choices of friends, individual career goals and the customs of the community where one lives. The two basic life-style options are: living alone or getting married. Each of these options has several variations. In our country, an individual has the freedom and the privilege of choosing a life-style, but one also should be aware of the responsibilities involved.

E. Population Trends/Shifts

X	X	X

Economists often rely on population statistics to see how well or poorly the economy is doing and to help them predict future trends. Most importantly, they look at labor statistics and the vast body of general information about the American population by the United States census. During the 1970's the population trends shifted from the northern states to the southern. The five most important things to remember about the North-South shift are:

- The North-South shift is really a shift to the West, the Southwest and Florida.
- The North-South shift is really two stories: one about the North's decline and another about the Southwest and West's boom. The stories have no cause-and-effect relationships.
- The North-South shift is stronger than first thought, and it is irreversible in our lifetime.
- The Sunbelt explosion is really the story of three emerging megastates: California, Florida—both bellwether states--and Texas. It is also the story of ten cities of great opportunity, all in the South and West.
- Finally, the North-South shift is presenting a crisis in infrastructure, which will eventually force both North and South to reexamine its economic goals and purposes.

Suggested Student Learning Activities for

Economic Concerns of the Future

1. Small Group Activity:

(a) The United States currently has an unfavorable balance of trade. Balance of trade refers to the difference in value between a nation's imports (the goods it buys from other countries) and its exports (the goods it sells abroad). The U. S. is buying more than it is selling to foreign countries. How has this affected the American economy?

What factor has contributed to this current trade condition?

How can Americans alleviate this condition?

(b) Many people argue that the demand of the United States for 50 percent of the world's raw materials (i.e., wood, coal and natural gas) is excessive because the United States has only 6 percent of the world's population. Do you agree? Explain.

How can this demand be curbed?

Adapted from and permission for reprint for Activity 1 granted by W. H. Sadlier, Inc. (The American Economy, 1980.) p. 168.

* * * * * * * * * *

2. Group Activity:

Divide the class into small groups and assign each group an alternative source of fuel.

1. Coal
2. Natural Gas
3. Petroleum
4. Nuclear Power, etc.

Charge each group with the responsibility of developing a promotional campaign to encourage Congress to pass legislation promoting the sole use of their kind of fuel. Encourage the use of the library to secure data to support positions. Allow each group to present their case at the end of the week.

* * * * * * * * * * *

3. Group Activity:

Divide the class into two groups. Group I will be instructed to "List all of the Factors Favoring Increased Application of Automation and Robotics." Group II will "List all of the Factors Favoring Curtailing Increased Application of Automation and Robotics."

Automation is the use of machines to control machines or to perform mechanical operations without the need for any human effort except supervision and maintenance. Robotics is the making and building of robots. Robots are machines that can do many of the jobs that used to be done by humans.

Group I - Favor	Group II - Curtailing
1. Reduced cost/uni	1. Increased unemployment
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

Discuss the advantages and disadvantages of Automation/Robotics in the industrial community.

_____

_____

_____

* * * * * * * * * * *

4. Student/Group Activity:

America's large cities currently lack adequate sources of revenue to meet their ever-increasing costs. Revenue refers to income received by a government, usually from taxes.

(a) List several factors that have added to the financial burdens of big cities in recent years.

_____

_____

_____

_____

(b) Following research and class discussion, recommend proposals/ solutions that might alleviate or reduce the financial burdens of the big cities.

_____

_____

_____

_____

(c) Do your proposals/solutions require new legislation? If so, draft the legislative proposal(s). Present the new legislation to the class and debate the pros and cons of it.

_____

_____

_____

_____

(d) Why is the federal government more able to finance its programs than big city governments can finance their programs?

_____

_____

_____

_____

* * * * * * * * * * *

5. Group Activity:

Technology is the knowledge that people have about how different things can be produced. If technology improves, more goods can be produced from the same resources. For example, if lobster farmers in Maine learn how to feed lobsters more cheaply due to a new and cheaper combination of nutritious food, the supply of lobster at each price will tend to increase. If a firm finds that the assembly line can be speeded up by merely rearranging the order of assembly, the supply of the good will tend to increase. If new oil-recovery procedures are improved, the supply of oil will increase.

Look at TV commercials, billboards, radio and newspaper or magazine ads to note technological changes in various consumer products. These changes could be listed under categories such as chemicals, plastics, electronic communications and computers, space exploration, nuclear energy and medical science. The lists should then be discussed by the class, with special attention paid to the extent of technological change, areas where new technology is particularly dominant and the effects of these transformations on our lives.

TECHNOLOGICAL CHANGES

Category	Extent and Effects of Technological Changes
Chemicals	
Plastics	
Electronic Communications & Computers	
Space Exploration	
Nuclear Energy	
Medical Science	

Comment on the value (moral as well as materialistic) of recent technological innovations.

Adapted from and permission for reprint for Activity 5 granted by W. H. Sadlier, Inc. (The American Economy, 1980.) p. 62, Teacher's Guide.

* * * * * * * * * * *

6. Student Activity:

Robots are machines that can regulate themselves and that can do many of the jobs that used to be done by humans. Computers and the mobile computerized machines we call robots are going to continue to take over jobs that are dull, repetitive and undemanding.

Using research and creative thinking, list jobs you think will be taken over by computers in the next 5-10 years.

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

What new jobs will computers create during this same period?

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

What effect will computers have on our economy and workers during this period when the older generation is finding their jobs disappearing?

_____

_____

_____

_____

What do you forecast in space projects now that we have the space shuttle? (Relays of astronauts going to and from space stations, etc.)

_____

_____

_____

_____

* * * * * * * * * * *

7. Group Activity:

Plan and present a debate on the federal government's farm assistance tax incentive to businesses who agree to hire special unemployed groups such as welfare recipients.

(a) List reasons that are commonly given to justify monies for tax incentive programs offered by the government.

_____

_____

_____

_____

_____

(b) List arguments that have been advanced in opposition to government tax incentive programs.

_____

_____

_____

_____

(c) Select the debate teams and present the "pros" and "cons" to the entire class.

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Economic Concerns of the Future

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to Economic Concerns of the Future?
Write your comments below:

Suggested Curriculum References for ECONOMIC CONCERNS OF THE FUTURE

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Amsco School Publications, Inc.
Sec	Current Issues in American Democracy
Sec	Economics: Institutions and Analysis
	Follett Publishing Company
Sec	Our World Today
	Globe Book Company
Sec	Economics and the American Free Enterprise System
	Harper and Row, Publishers, Inc.
Sec	Economics: Today and Tomorrow
	D. C. Heath and Company
Int	People in Places
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int Sec	Projects by Concept - Economic Education Awards
Int/Sec	Strategies for Teaching Economics/Intermediate Level
Elem/Int	Strategies for Teaching Economics/Primary Level
Sec	Teaching Economics in American History
	Macmillan Publishing Company
Sec	Natural Resource Conservation
	McGraw-Hill Book Company
Sec	Economics of Our Free Enterprise System

Charles E. Merrill Publishing Company

Sec Economics: Principles and Practices

Prentice-Hall, Inc.

Sec The Economic Problem

Sec Understanding Macroeconomics

W. H. Sadlier, Inc.

Sec The American Economy

Sears, Roebuck and Company

Sec An Educator's Guide to the Three E's: Energy/Economy/Economics

South-Western Publishing Company

Sec Economics at Work

Sec Free Enterprise in the United States

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

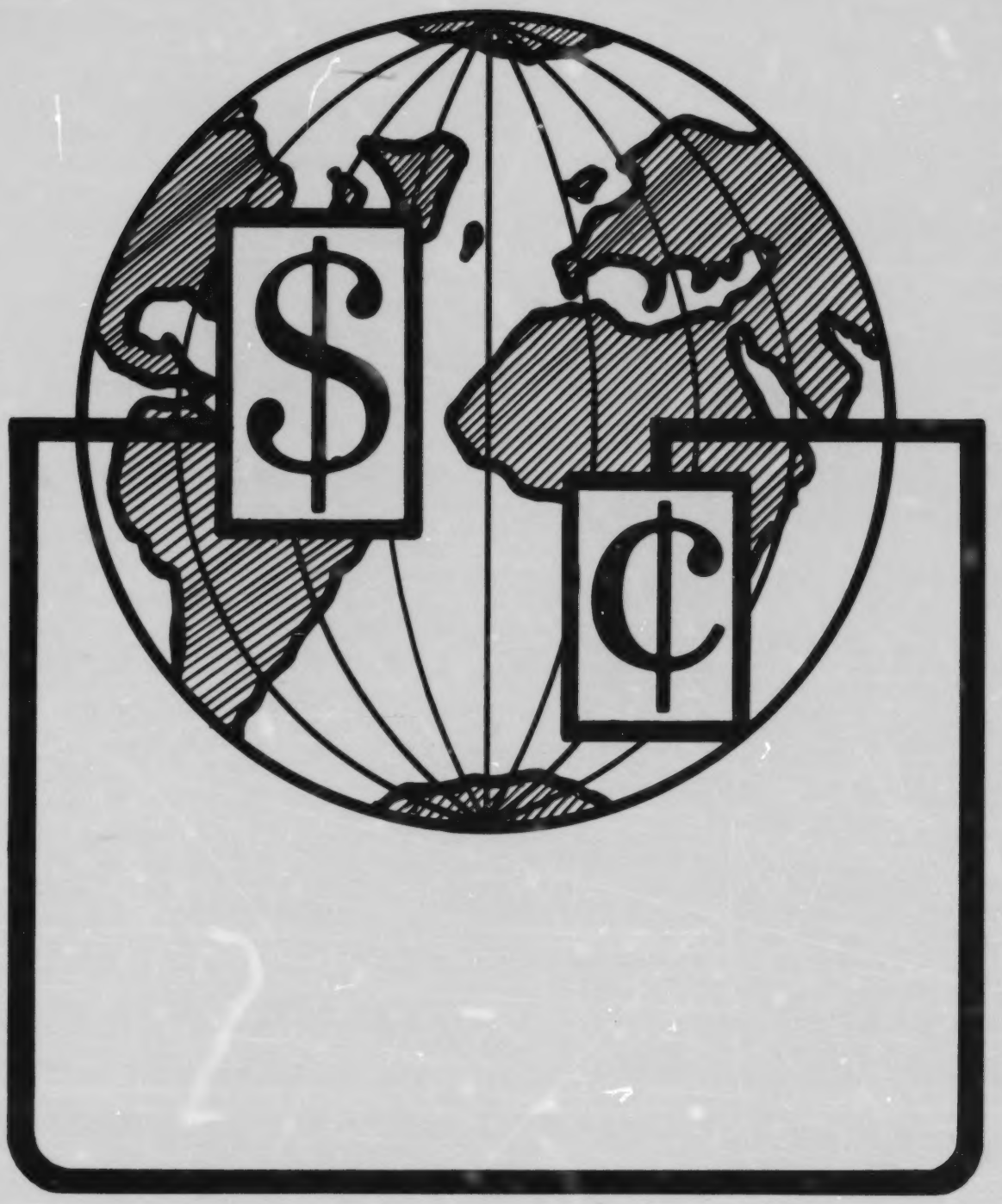
Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814



Economic Component

The World Economy - Foreign trade, imports and exports influence the U. S. economy. More and more, the world is becoming a marketplace for U. S. goods and services. The U. S. also depends on goods and services from other countries. Because of the speed with which goods and services can be transported around the world, international economics has gained greater prominence. World economic concepts include:

- Comparative Advantage
- Emerging Trade Areas
- Gross National Product
- How Local Economics are Influenced by World Economy
- Consumption/Production Balance
- Protective Tariffs
- Trade and Interdependence
- Stability of Foreign Currency

Objective(s):

1. Interpret the elements of international finance.
2. Promote the student's understanding of foreign exchange.
3. Explain balance of payments.

Content:

The following elements should be considered in The World Economy:

	Grade Level		
	Elementary	Intermediate	Secondary
I. International Finance			
A. International Trade Most important reason money moves from nation to nation. Countries are dependent on other countries for goods and services.		X	X
B. International Lending Money crosses international boundaries in the form of loans. Lending sources include banks, individuals who purchase bonds and companies.		X	X
C. International Investment American companies invest in land, labor and capital of other countries. These investments often lower cost of goods and services.		X	X
D. Exchanges Between Governments Governments lend and borrow abroad. Aid is provided to poorer countries.	X	X	X

			Grade Level Continued	
II.	Foreign Exchange - Financial system that allows people in one nation to use other nation's currencies to conduct international business.			
	A. Foreign Exchange Rates Price of one country's currency in terms of another nation's currency. Rates vary based on supply and demand. Floating exchange rates occur when currencies determine their own price based on supply and demand. Fixed exchange rates are when each currency remains the same price with respect to all currencies.		X	X
III.	Balance of Payments - The difference between money a nation pays to other nations and the money it receives from them.			
	A. Favorable Balance When a country receives more in payments from other nations than it pays out.		X	X
	B. Unfavorable Balance When a country receives less in payments from other nations than it pays out.		X	X
IV.	Other Related Concepts			
	A. Emerging Trade Areas		X	X
	B. Protective Tariffs		X	X

Suggested Student Learning Activities for

The World Economy

---

1. Student/Small Group Activity:

   Imports are goods that are brought in from other countries. Exports, on the other hand, are goods that are shipped out of one country for sale in another. List the items which we export the greatest amount ($'s) and import the greatest amount ($'s).

Export	Import
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

   Discuss how your community would be affected if the top 5 export items were to be stopped.

   _____

   _____

   Discuss how your community would be affected if the top 5 import items were to be terminated.

   _____

   _____

   Balance of payment is the list of a country's total payments to foreign countries and total receipts from all foreign countries over a set period of time; the difference between the money a nation pays to other countries and the money it receives from other countries. What is the need for balance of payment?

   _____

   _____

   _____

   _____

* * * * * * * * * * *

2. Student/Small Group Activity:

Using a copy of the Wall Street Journal, list the current exchange rates for French francs, British pounds, German marks, Japanese yen, etc.

Compare the current exchange rates with the rates that existed a year ago.

Which currencies have depreciated? Which have increased in value?

CURRENT EXCHANGE RATES CHART

Currency	Rates Today	Rates Last Year	Depreciated?	Increased in Value?

Can money be made by investing in foreign currency?

Activity 2 adapted from project 3, p. 343 from ECONOMICS: TODAY AND TOMORROW by Roger LeRoy Miller. Copyright © 1978 by Roger LeRoy Miller. Reprinted by permission of Harper & Row, Publishers, Inc.

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3. Student Activity:

An import tariff raises the price paid by domestic consumers as well as the price received by domestic producers of similar or identical products.

A tariff on clothing from Taiwan will raise the prices paid by American consumers of clothing imports, and the prices charged by American clothing producers.

Suppose a country levies a $1 tariff on imported shoes that cost $10 in the foreign market. If domestic and foreign shoes are the same, both imported and domestically produced shoes will sell for $11 in the home market. Because consumers will pay more for shoes than otherwise, the tariff discourages shoe consumption. Because the domestic producer of shoes will be able to charge more for shoes, the tariff encourages domestic production. The $1 tariff discourages shoe imports and foreign shoe production.

The same result (of discouraging shoe consumption and encouraging domestic production) could also be accomplished by taxing domestic consumption of shoes by $1 and giving every domestic firm a $1 subsidy per pair of shoes produced.

Throughout most of American history, the United States maintained a protective tariff policy. Using an American history text as reference, prepare a report on American tariff policy in the nineteenth or twentieth century.

Student's Name: _____ Topic Selected: _____

Resources identified and used in the research/report:

_____

_____

Date the project is to be presented to the class or turned in to the instructor: _____ Grade Received: _____

Comments: _____

_____

_____

_____

Activity 3 adapted from project 1, pp. 342-343 from ECONOMICS TODAY AND TOMORROW by Roger LeRoy Miller. Copyright © 1978 by Roger LeRoy Miller. Reprinted by permission of Harper & Row, Publishers, Inc.

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4. Group Activity:

Economic growth is affected by changes in the output of material goods and services. Economic growth is not directly related to changes in happiness or contentment; philosphers and psychologists are better able to delve into the determinants of happiness than economists. Yet changes in material well-being or in total output are extremely important. The economic rise of the Soviet Union has definitely changed the social politics of the 20th century. Japan's phenomenal growth after World War II has materially altered Japan's position in the world economic order. The total output of The Peoples Republic of China in 1979 was $577 billion, that of India was $152 billion, while the GNP of the Netherlands was $152 billion. China and India are the large countries; the Netherlands has a fairly small population. On a per capita basis, the output of China was $510, that of India was $189, while that of Netherlands was $10,860. Although the total output of Netherlands was below that of China and India, Dutch living standards were 21 times China's and 60 times India's.

Economists typically pay more attention to the growth of per capita GNP than to the growth of GNP because standards of living are considered to be a better measure of economic well-being. Nevertheless, there is no universal agreement on which objective is more important; the growth of GNP or the growth of GNP per capita. In the Soviet Union and many less developed countries, the growth of the absolute size of the economy is considered of great importance. In other countries, absolute size is less important than the growth of living standards.

Collect newspaper or magazine articles over a period of at least one month illustrating the steps (if any) taken by the American and/or other world governments to encourage national/world economic growth.

Name of Article	Date	Source

Conduct a class discussion relating to state/national/world economic growth.

_____

_____

_____

_____

_____

_____

Arrange and present articles as a collage, bulletin board display or compile data collected in chart form.

Adapted from and permission for reprint for Activity 4 granted by Addison-Wesley Publishing Company, Inc. (Richard M. Hodgetts and Terry L. Smart, Essentials of Economics and Free Enterprise, 1982.) p. 83, Teacher's Manual.

* * * * * * * * * * *

5. Group Activity:

Divide the class into groups and ask each group to research the economy and current living standards in one of the following countries.

France — Great Britian
Soviet Union — United States
West Germany

The groups can use books, magazines, newspapers and television news broadcasts. Community citizens who have visited the selected country might be invited to provide the class with valuable information about the daily life of the average citizen and insights about the country's economy.

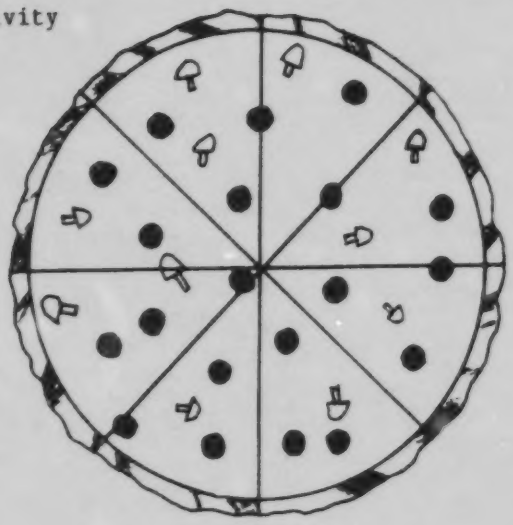
Each group will report to the class their findings.

The following periodicals are excellent sources for information on this activity:

U. S. News and World Reports
Business Week
The Christian Science Monitor
Newsweek
The Wall Street Journal

* * * * * * * * * * *

6. Student/Group Activity



Represents all the world's resources.

PIZZA

Scarcity is a frequent condition in which there is an insufficient amount of a product or resource to match the actual demand for it.

Class discussion questions:

1. How much does each class member want the pizza to be worth? (Get a concensus.)

   _____

2. Each student wants how much of the pizza at what price?

   _____

3. Will the total sum of the class members' desired amount of pizza be more than the total of the one pizza?

   _____

4. Is the class faced with the problem of not having enough pizza for the amount requested by class members?

   _____

5. If there is a problem of scarcity with the pizza, how will the situation be solved?

   _____

   _____

   _____

   _____

6. Devise a way(s) to allocate the limited amount of pizza to the members of the class. List alternatives that might be used in countries other than the U. S.

_____

_____

_____

_____

_____

Permission for reprint of Activity 6 granted by Scott, Foresman and Company. (Great Ideas for Teaching Economics, 1984) p. 12.

* * * * * * * * * * *

7. Student/Group Activity:

Obtain a speaker who has formerly lived and worked under a foreign economy. He/she would need to explain how his/her particular economy differed from the United States in as much detail as possible. After the speaker's presentation, have each student write a report paper describing the major points of the talk and explain the similarities and differences in the U. S. A.'s economy and the foreign economy described by the speaker.

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: The World Economy

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to The World Economy?
Write your comments below:

Suggested Curriculum References for THE WORLD ECONOMY

Directions: See the paragraph in Guidelines for Use (Page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Allyn and Bacon, Inc.
Sec	Our World and Its People
	Amsco School Publications, Inc.
Sec	Economics: Institutions and Analysis
	Division of Continuing Studies, University of Nebraska
Sec	Economics: Business Education 027N
	Harper and Row, Publishers, Inc.
Sec	Economics: Today and Tomorrow
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int	Projects by Concept - Economic Education Awards
Int/Sec	Strategies for Teaching Economics/Intermediate Level
	Laidlaw Brothers, Publishers
Sec	Free Enterprise - The American Economic System
	Lerner Publishing Company
Int	International Trade
	McGraw-Hill Book Company
Sec	Economics of Our Free Enterprise System
	Charles E. Merrill Publishing Company
Sec	Economics: Principles and Practices
	Prentice-Hall, Inc.
Sec	The Economic Problem
	Superintendent of Documents - U. S.Government Printing Office
Sec	Subject Bibliography/National and World Economy

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

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AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fact
711 Third Avenue
New York, New York 10017

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

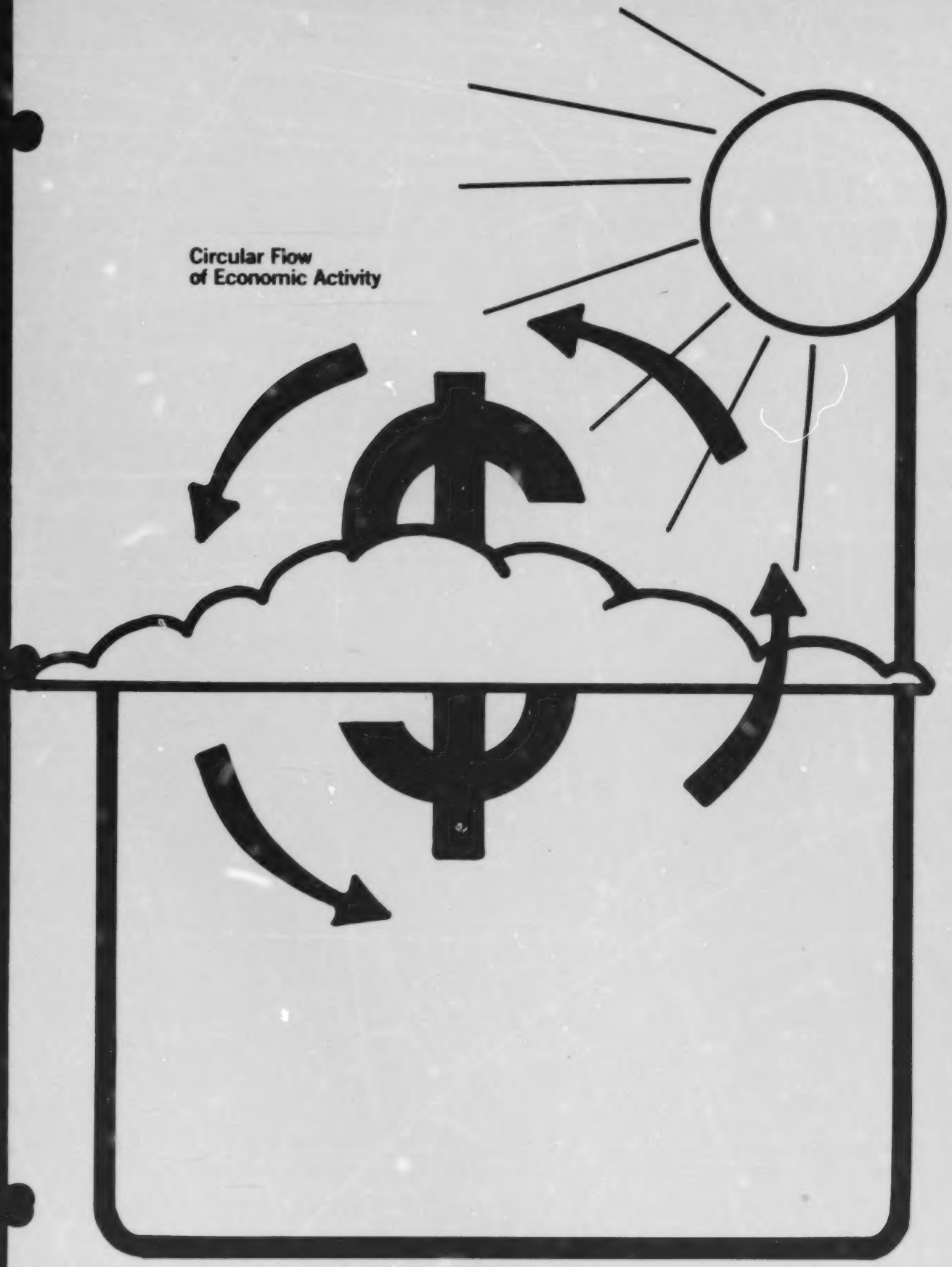
Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 208[illegible]4

Circular Flow
of Economic Activity



Economic Component

Circular Flow of Economic Activity - Many elements of economics have an effect on each other and cause a circular flow of economic activity. Such elements as economic wants are often satisfied, or not satisfied, by whatever resources are available and demand affects supply. Other concepts related to the circular flow of economic activity include:

- Basic Understanding and Knowledge of:
  - Government
  - Banking
  - Producers
  - Consumers
  - Monopolies
- Exports and Imports
- Government-Public Relationship on Economy
- How Economic Activities Affect Each Other
- Individual and Group Roles on Economic Process
- Producer-Consumer Relationship
- Supply and Demand

Objective(s):

1. Describe the flow of economic activity and the mutual effect of the concepts on each other.
2. Define terminology used in discussing concepts related to the circular flow of economic activity.
3. Give examples of wants.
4. Explain productive resources.
5. Discern between scarcity and choices.
6. Outline examples to describe opportunity costs and trade-offs.
7. Distinguish between methods of voluntary exchange.

Content:

The following elements should be considered in Circular Flow of Economic Activity:	Elementary	Intermediate	Secondary
	Grade Level		
I. Economic Wants			
A. Primary Wants (sometimes referred to as needs) All necessities to support life. Clothes, shelter, food, etc.	X	X	X
B. Secondary Wants Not necessary to support life directly, but to help to add enjoyment. Examples are designer clothes, cosmetics and stereos.	X	X	X

	Grade Level Continued		
C. Tangible Wants Material items which can be primary or secondary.	X	X	X
D. Intangible Wants Wants which cannot be measured in dollars. Examples are family relationships, love and recognition.	X	X	X
II. Productive Resources Resources used to produce goods. These resources include natural resources, human resources and capital resources.			
A. Natural Resources Resources of the earth that can be used in the production of goods and services. Examples are coal, gas, oil, land, trees and oxygen.	X	X	X
B. Human Resources Efforts, knowledge and skills contributed by people toward the production of goods and services. These resources are usually thought of as labor.	X	X	X
C. Capital Resources Tools, buildings and machinery used to produce goods or services. These resources include money used to finance production.	X	X	X
III. Scarcity and Choices			
A. Unlimited Wants Society has wants that exceed resources. Unlimited wants cause scarcity.	X	X	X
B. Limited Resources Results in not being able to fulfill wants. Results from inability to produce more.	X	X	X

	Grade Level Continued		
C. Economic Scarcity This condition exists when wants exceed resources. It forces choice of available resources (decision-making).	X	X	X
IV. Opportunity Costs and Trade-Offs The value of what you give up when you make a decision. The decision maker must trade off one good for another.			
A. Examples of Opportunity Costs and Trade-Offs Coal is discovered in a large area that is also fertile for the production of grain. A decision must be made as to which to choose. A student studying for an exam who needs to earn an "A" or "B" is asked by a friend to attend a movie. A choice must be made.	X	X	X
B. Calculating Opportunity Costs These costs can sometimes be calculated in exact monetary terms. Sometimes the decisions have no economic value. (Aesthetic value is considered.)		X	X
V. Voluntary Exchange			
A. Markets A market is any place or meeting between producers and consumers where products and services are exchanged. Product markets are the places where goods and services are exchanged. Factor markets are where producers buy the factors of production . . . land, labor and capital.	X	X	X
B. Barter Direct exchange of products and/or services. Oldest method of exchange in history.	X	X	X

	Grade Level Continued		
C. Media of Exchange Anything accepted in exchange for goods and services.	X	X	X
D. Money Most common medium of exchange in U. S. and is backed by gold on reserve.	X	X	X
E. Marketing Most activities that take place to get products or services in consumers' hands.	X	X	X
F. Marketing Functions Assembling and Buying. Grading and Standardizing. Storing. Transporting. Financing. Risk Taking. Market Research. Selling.	X	X	X
G. Marketing Mix Product. Price. Place. Promotion.	X	X	X
H. Channels of Distribution Producer to consumer. Producer to retailer to consumer. Producer to wholesaler to retailer to consumer. Producer to agent to wholesaler to retailer to consumer.	X	X	X
VI. Interdependence Situation where individual or business depends on others. Interdependence is the predominant factor in free enterprise.			
A. Characteristics Decreases freedom somewhat. Caused by specialization.	X	X	X

	Grade Level Continued		
Will likely continue to be important.			
VII. Other Related Concepts			
A. Supply and Demand	X	X	X
B. Government-Public Relationships	X	X	X
C. Individual and Group Roles	X	X	X
D. Producer-Consumer Relationships	X	X	X

Suggested Student Learning Activities for

Circular Flow of Economic Activity

---

1. Group Activities:

   A. Divide the class into discussion groups; assign each group a role within the circular flow chart on the following page (consumer-producer-investment institutions).

      Interpret the flow by having the group describe their assigned roles in a given situation (Examples: Making bread, automobiles and newspapers.)

      _____

      _____

      _____

      _____

   B. Examples of circular flow between businesses and households can be found in every community. By using the resources of your community, it is possible to bring textual content alive, giving it deeper meaning and bringing realism into the classroom. A local bank loan officer can describe how loans are processed just as a textbook can, but he or she can bring to the class anecdotes and details that are pertinent to the local community and personal experiences that textbooks cannot communicate.

      List some possible speakers below:

Contact Person:	Institutions:
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Adapted from and reprint permission for Activity 1 granted by Ohio Vocational Education Division, State Deprtment of Education. (Consumer Education - Curriculum Guide for Ohio, 1976.) p. 9.

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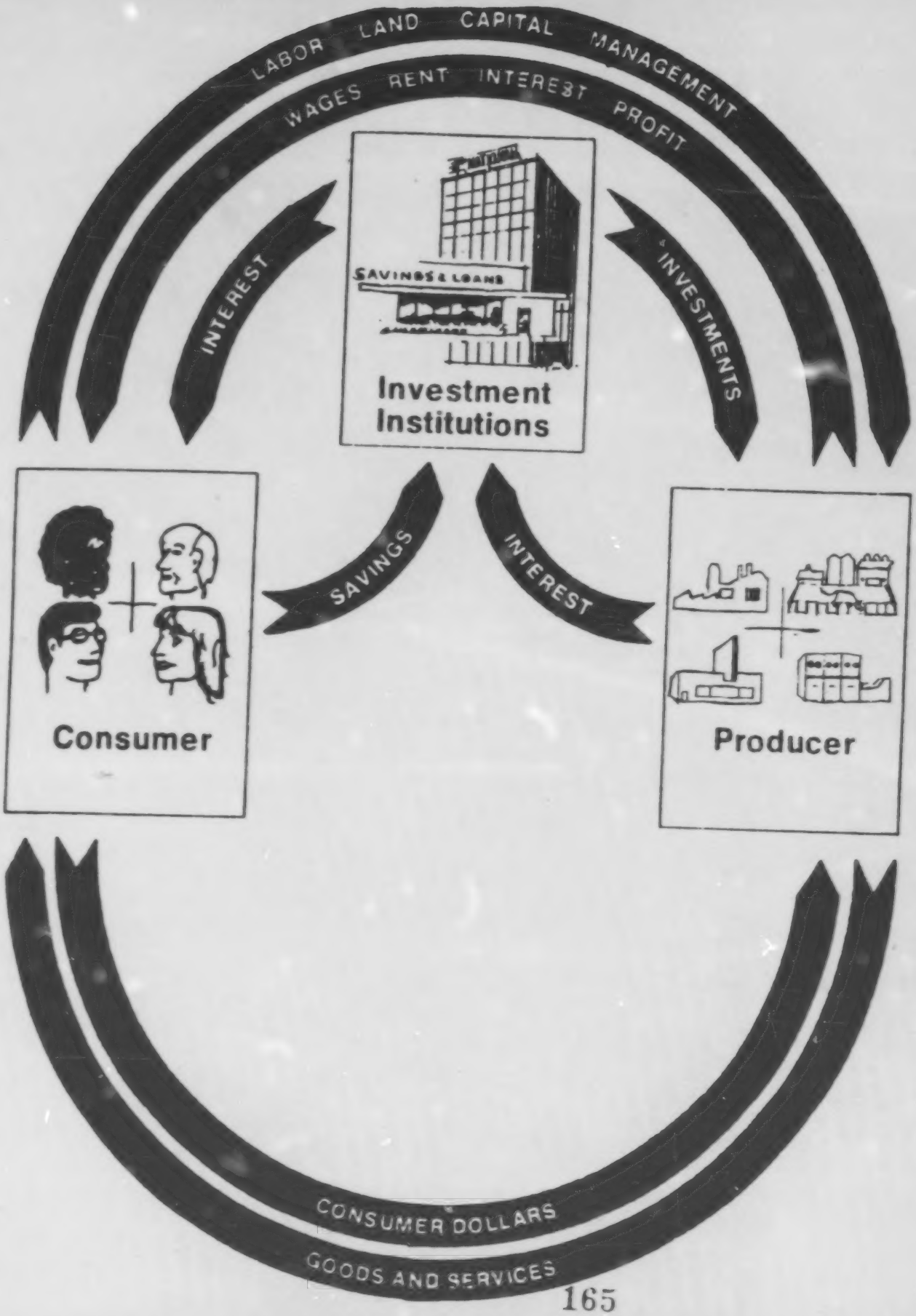
LABOR LAND CAPITAL MANAGEMENT
WAGES RENT INTEREST PROFIT
INTEREST
INVESTMENTS
SAVINGS & LOANS
Investment Institutions
SAVINGS
INTEREST
Consumer
Producer
CONSUMER DOLLARS
GOODS AND SERVICES

2. Student/Small Group Activity:

Trace the path of a product (pencil, etc.) or resource from its original source to final sale. Research the topic and if possible, interview people involved in the production or marketing of the product to gather necessary information. Record your findings.

Topic Selected:_____

Individuals Interviewed:

_____

_____

_____

_____

_____

Findings:

_____

_____

_____

_____

_____

_____

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_____

Activity 2 adapted and reprinted with permission from the State of Connecticut, Board of Education. (A Guide to Curriculum Development in Consumer Education, 1981.)

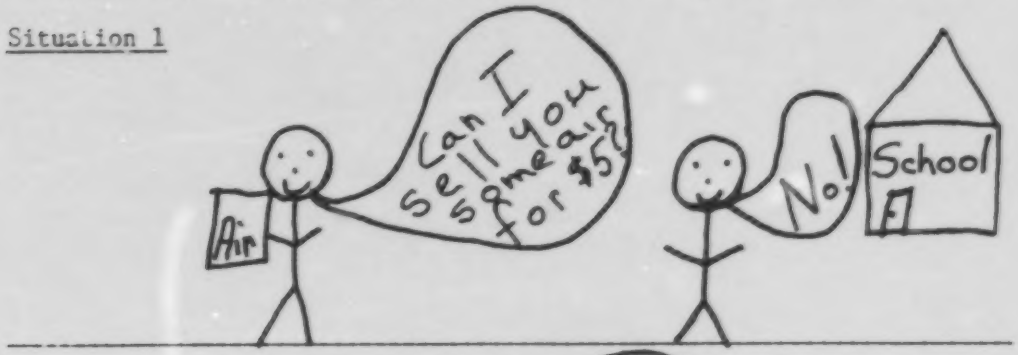
* * * * * * * * * * *

3. Student/Small Group Activity:

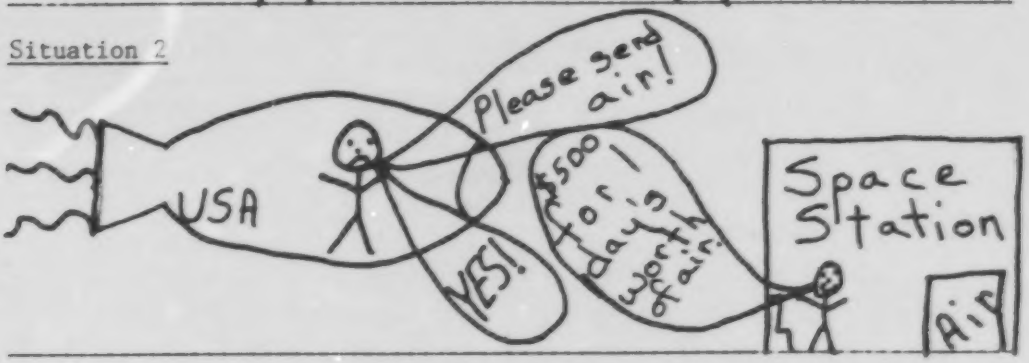
Scarcity is the condition that exists when wants are greater than the resources available to satisfy them. One of the basic economic realities is that there just is not as much of everything as everybody wants.

Study the two situations below, then answer the questions that follow.

Situation 1



Situation 2



Questions to be answered:

1. Why in situation #1 would you not be willing to buy air and in situation #2 you would?

_____

_____

_____

2. How do these situations describe the economic law of supply and demand?

_____

_____

_____

* * * * * * * * * *

4. Student/Small Group Activity:

In the component, "Circular Flow of Economic Activity," the three items are land, labor and capital.

Land - A term that refers to a nation's natural resources.

Labor - The human effort that is available to produce goods and services for consumption.

Capital - Often used as another name for money—this term also includes machinery, equipment and any other physical labor-saving devices that will help people do a job better or faster.

Divide the class into three groups representing each of the three items. Have the class develop a list of reasons, three to five will do, on why their item (i.e., land, labor or capital) is critical to the total economic system. Key point - If a group represents labor, they can have no land or capital, etc.

Lead class discussion.

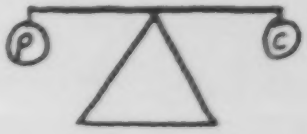
(Conclusion: Economic components are interdependent on each other.)

* * * * * * * * * * *

5. Student/Group Activity:

Circular Flow is the exchange between producers and consumers. After further research into circular flow ideas, explain on the following lines why do we sometimes experience imbalance in our economic system if the circular flow between producers and consumers is supposed to assure balance.

The ideal economic situation



The reality of the economic situation sometimes

P = producer
C = consumer

_____

_____

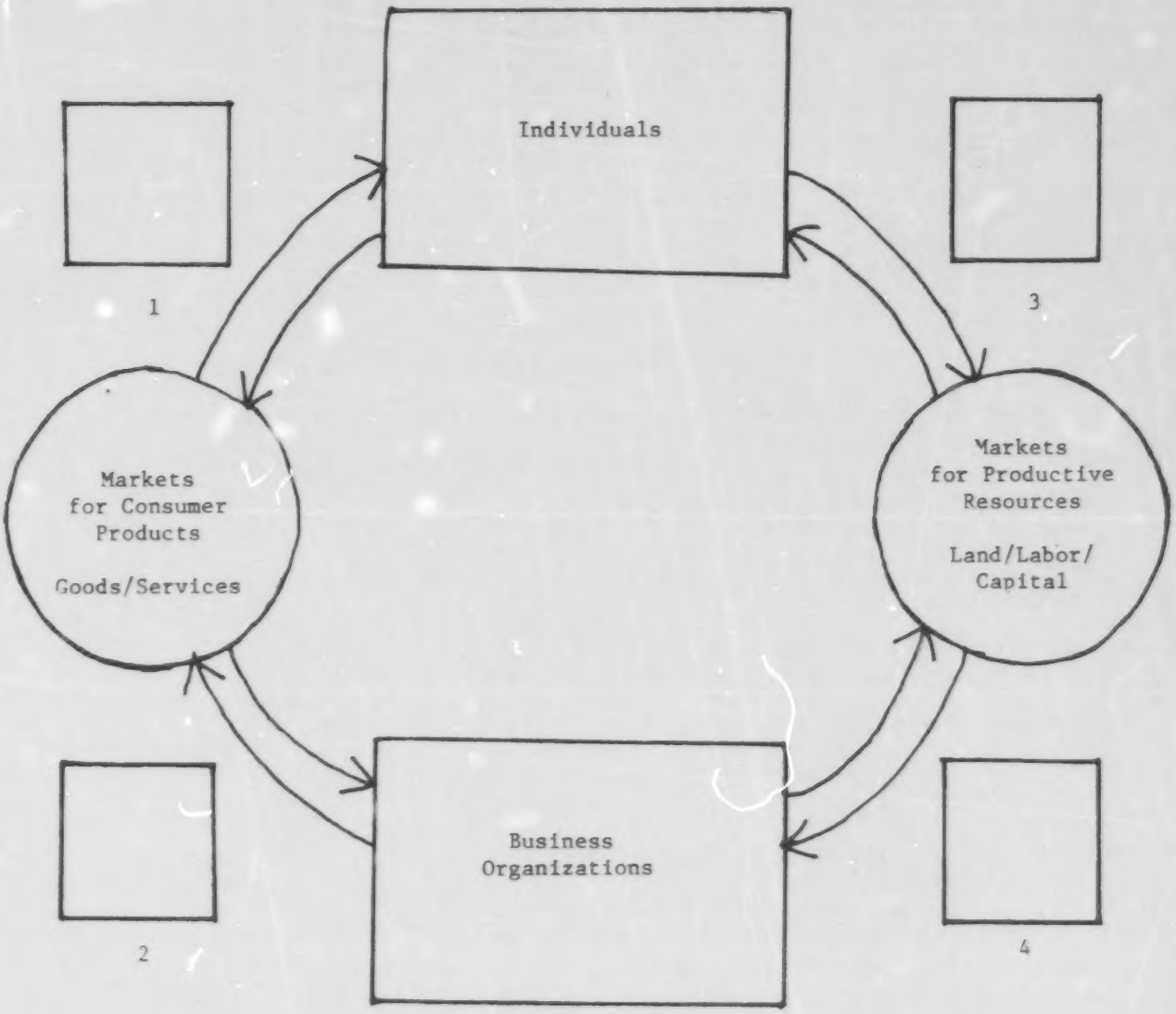
_____

* * * * * * * * * * *

6. Student/Group Activity:

The circular flow diagram summarizes the flows of goods and services from producers to households and the flow of the factors of production from households to business firms. In the American economy, money flows from hand to hand in one direction between individuals and businesses, while the factors of services and goods production flow in the opposite direction. In other words, one person's expenditure becomes another person's income, and so on.

Using the diagram below, show where the transactions would occur in the circular flow of economic activity. The ten transactions on the following page are designated I - X. Place the Roman numeral of each transaction on the diagram in boxes 1, 2, 3 or 4 (see page 183) to show where the transaction would occur. The answers to the problems can be found on page 183.



Transactions:

I. John purchased a dishwasher for his parents.

II. Jones Corporation bought a new copying machine.

III. Alice was paid $950 for two weeks work as a laboratory technician.

IV. Hertz rented a car to Sally for her trip to St. Louis.

V. Rosey's Bakery sold two loaves of bread to Sam Blake.

VI. Mark paid $10 for a haircut.

VII. Floyd bought 20 pounds of hamburger to sell at his restaurant.

IX. Mr. Harper purchased a new car for his daughter, Susan.

X. Mr. Brown paid $200 rent to his landlady.

Answers to Activity 6.

1. I, VI, IX, X

2. IV, V

3. III

4. II, VII, VIII

* * * * * * * * * * *

NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Circular Flow of Economic Activity

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* * * *

Suggested Curriculum References for CIRCULAR FLOW OF ECONOMIC ACTIVITY

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
Elem/Int	Mini-Society--Experiencing Real World Economics in the Elementary School Classroom
Sec	Our Economy: How it Works
Sec	Teaching Economics--Content and Strategies
Sec	Understanding Economics--Overview for Teachers/Experience for Students
	The Advertising Council, Inc.
Sec	You Are the American Economic System
	Amsco School Publications, Inc.
Sec	Economics for Everybody
Sec	Economics: Institutions and Analysis
	Division of Vocational Education
Sec	Consumer Education Curriculum Guide for Ohio
Sec	A Guide to Curriculum Development in Consumer Education
	Illinois State Board of Education
Int/Sec	Consumer Education in Illinois Schools; Grades 8-12
Sec	National Center for Career Education
Elem/Int	Trade Offs
	Joint Council on Economic Education
Elem/Int Sec	Economic Education Projects - Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition

Elem/Int		Projects by Concept - Economic Education Awards
Int/Sec		Strategies for Teaching Economics/Intermediate Level
Elem/Int		Strategies for Teaching Economics/Primary Level
	Laidlaw Brothers, Publishers	
Sec		Free Enterprise - The American Economic System
	Lerner Publications Company	
Int/Sec		How a Market Economy Works
Int/Sec		Money and Banking
	McGraw-Hill Book Company	
Sec		Economics of Our Free Enterprise System
	South-Western Publishing Company	
Sec		Economics of Work
Sec		Free Enterprise in the United States

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

Economic Component

Economic Measurements - In order to understand the level at which the U. S. economy is functioning, economic activities must be evaluated. Several different methods of evaluating, or measuring, the economy are used. Some of the related concepts include:

- Basic Principles to Economic Measurements
- Impact of Economic Measurements on Future Planning
- Supply and Demand Curves
- What Economic Measurements Tell Us
- Consumer Price Index
- Economic Indicators
- Gross National Product
- Input-Process-Output-Feedback
- Markets
- Types of Economic Measurements

Objective(s):

1. Describe how the "economic health" of the U. S. is measured.
2. List several economic indicators.

Content:

The following elements should be considered in Economic Measurements:

	Elementary	Intermediate	Secondary
	Grade Level		
I. Economic Indicators			
A. Measures of the Economy		X	X
Consumer price index.			
Gross national product.			
Rate of unemployment.			
National income.			
Wholesale prices.			
Consumer credit.			
Industrial production.			
Personal income.			
Disposable personal income.			
Personal consumption expenditures.			
Personal expenditures for durable goods.			
Personal expenditures for non-durable goods.			
Personal expenditures for services.			
Personal savings.			
New plant and equipment expenditures.			
Compensation of employees.			
Corporate taxes.			
Corporate profits.			
Dividends.			
Population.			
Median family income.			
Total employment.			
Agricultural employment.			
Manufacturing employment.			
Government employment.			

	Grade Level Continued		
Total time deposits in banks.			
Total installment debt.			
Total consumer credit.			
Amount of new construction.			
Retail sales.			
Wholesales.			
New housing starts.			
Exports and imports.			
II. Other Related Concepts			
A. Markets	X	X	X
B. Planning for the Future	X	X	X

Suggested Student Learning Activities for

Economic Measurements

---

1. Student/Small Group Activity:

   Allow the class to work in small groups or individually and collect information for the direction the following measures have gone.

   Consumer Price Index - A measure of changes in the prices of goods and services consumed by most members of society.

   Gross National Product - The total amount of goods and services produced in a nation during a year.

   Rate of Unemployment - A method of reporting unemployment in which unemployment is disclosed as a percentile. Unemployment is a situation in which one is unable to find gainful employment when being willing and able to work.

   National Income - A term that refers to the total income earned in a nation through the production of goods and services during the year.

   Wholesale Prices - Describes the sale of raw materials and other goods in large amounts to producers or retailers rather than directly to consumers.

   Directions: Indicate + for up; o for same; - for down.

Economic Indicator	1985	1984	1983	1982	1981
Consumer Price Index					
Gross National Product					
Rate of Unemployment					
National Income					
Wholesale Prices					

   Class discussion - record major ideas:

   1. What is the trend as you see it today?

      _____

      _____

   2. If you were the economic advisor to the President, what would you suggest to enhance the economic recovery?

      _____

      _____

      _____

* * * * * * * * * * *

2. Student/Group Activity:

The Gross National Product (GNP) is the total amount of goods and services produced in a nation during a year.

Have students present a report on how the U. S. Department of Commerce collects and evaluates all the information gathered in compiling the annual Gross National Product (GNP).

Resources identified and used in the research/report.

_____

_____

_____

_____

_____

What economic indicators do economists use to describe the present state of the economy and make predictions for the future?

_____

_____

_____

_____

_____

How can the information you collected be beneficial to American businesses?

_____

_____

_____

_____

_____

Adapted and permission for reprint for Activity 2 granted by Addison-Wesley Publishing Co. (Richard M. Hodgetts and Terry L. Smart, Essentials of Economics and Free Enterprise, 1982.) p. 25, Teacher's Manual.

* * * * * * * * * * *

180

3. Student/Group Activity:

Organize a panel to discuss possible ways in which the United States can increase its GNP during the ten-year period following the graduation of the class from high school. Have the class consider the possible effects on them individually were the United States unable to improve its GNP.

Resources identified and used in preparation of solutions.

_____

_____

_____

_____

_____

Solutions identified to increase the GNP during next ten-year period.

_____

_____

_____

_____

_____

_____

Individual effects if the United States is unable to improve its GNP.

_____

_____

_____

_____

_____

_____

Adapted from and permission for reprint for Activity 3 granted by Addison-Wesley Publishing Co. (Richard M. Hodgetts and Terry L. Smart, Essentials of Economics and Free Enterprise, 1982.)

* * * * * * * * * * *

4. Student Activity:

A. The next important thing to money in the bank is your credit rating. How is your credit rating established?

_____

_____

_____

B. List some credit bureaus serving the business community in your community.

_____

_____

_____

C. Can a person improve/correct his/her credit rating? How?

_____

_____

_____

* * * * * * * * * * *

5. Student Activity:

The most popular quoted measure of U. S. economic activity, Gross National Product (GNP), is the total value at market prices of all final goods and services produced in the economy in one year. The quarterly estimate of the annual rate of GNP is announced for the first, second, third and fourth quarters in May, August, November and February each year.

Using a source, such as Survey of Current Business, chart the GNP for the past four quarters. What observable trends does your chart indicate (increase/decrease in employment, etc.)?

G
N
P

_____

Quarter Quarter Quarter Quarter

Observable Trends:

_____

_____

* * * * * * * * * * *

6. Student Activity:

An unemployed person is defined as one who is out of work, but who is seeking work. The unemployment rate is defined as the percentage of the civilian labor force who are unemployed. The civilian labor force is defined as the total number of all persons in the non-military, non-institutional population who are working or seeking work.

Research the national unemployment rates for the past six months. Chart or graph your findings in the space below.

What observable trends can you report? _____

_____

_____

_____

Chart or graph the unemployment rates for your local area for the same six months in the space below.

Compare your local trends with the national observable trends.

_____

_____

_____

* * * * * * * * * * *

7. Student Activity:

A widely held notion is that changes in the Dow Jones Index predict changes in the economy by 9 to 12 months. The Dow Jones is the most frequently reported (TV, radio and newspapers) economic indicator.

What price changes are measured by the Dow Jones Index?

_____

_____

_____

_____

Using the Wall Street Journal, research and chart the past 12 months of the Dow Jones in the chart below.

D
O
W

J
O
N
E
S

_____

J F M A M J J A S O N D

What trends did you observe?

_____

_____

_____

Would you have more or less confidence in the stock market during the period?

_____

_____

_____

_____

* * * * * * * * * * *

8. Group Activity:

The following is a useful device for orienting students to the terms, concepts and problems that play an important role in the U. S. economy.

On a sheet of paper, put the following questions. (Give five possible answers to each question so the students' answers/guesses are focused over a given range.)

1. What is the present rate (percentage) of inflation in the United States?

_____ _____ _____

_____ _____

2. What is the current rate (percentage) of unemployment?

_____ _____ _____

_____ _____

3. What is the current level of GNP (Gross National Product)?

_____ _____ _____

_____ _____

4. What percentage of the average family's income goes to the government in taxes?

_____ _____ _____

_____ _____

5. What is the current prime interest rate?

_____ _____ _____

_____ _____

After the students have given their best answers/guesses, the correct answers are given and discussed.

This activity is useful for a) introducing students to the current state of the U. S. economy; b) gauging the level of economic knowledge of the class; c) introducing the magnitude of millions and billions; and d) interesting students in some important economic statistics which they will/should tend to follow.

Permission for reprint for Activity 8 granted by Scott, Foresman and Company. (Great Ideas for Teaching Economics, 1984.), p. 210.

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NEWSPAPER/PERIODICAL REPORT FORM

Economic Literacy Component: Economic Measurements

Name of Vocational Course _____ Student's Name _____

School Name _____ Year _____

Name of Periodical/Newspaper _____ Page # _____

Title of Article _____

Author's Name _____

List 3 or more main points of this article:

* *

How does this article relate to Economic Measurements?
Write your comments below:

Suggested Curriculum Reference for ECONOMIC MEASUREMENTS

Directions: See the paragraph in Guidelines for Use (page 4) for information on how to obtain the following reference materials either on loan or at reproduction cost. (Your school's Director of Vocational Education will probably have copies of the Illinois State Board of Education's Curriculum Guides.)

For more complete information on each reference including a short annotation, please consult the companion product, An Annotated Bibliography on Economic Literacy for Vocational Education.

Level:	Publisher and Title:
	Addison-Wesley Publishing Company
Sec	Essentials of Economics and Free Enterprise
	Amsco School Publications, Inc.
Sec	Economics: Institutions and Analysis
	Globe Book Company
Sec	Economics and the American Free Enterprise System
	Harcourt Brace Jovanovich, Publishing, Inc.
Sec	The Development of American Economic Life
	Harper and Row, Publishers, Inc.
Sec	Economics: Today and Tomorrow
Sec	General Business: Our Business and Economic World
	Houghton-Mifflin Company
Sec	The American Economy
	Joint Council on Economic Education
Elem/Int/ Sec	Economic Education Projects, Abstracts from the 1978-79 Competition; Abstracts from the 1979-80 Competition; Abstracts from the 1980-81 Competition
Elem/Int/ Sec	Projects By Concept - Economic Education Awards
Int/Sec	Strategies for Teaching Economics/Intermediate Level
	Laidlaw Brothers, Publishers
Sec	Economics for the Consumer
Sec	Free Enterprise - The American Economic System
	Lerner Publications Co.
Int/Sec	How a Market Economy Works

McGraw-Hill Book Company

Sec — Economics of Our Free Enterprise System

Prentice-Hall, Inc.

Sec — The Economic Problem

Sec — Understanding Macroeconomics

South-Western Publishing Company

Sec — Free Enterprise in the United States

United States Department of Labor, Bureau of Labor Statistics

Sec — BLS Consumer Price Index Chartbook

RECOMMENDED PERIODICALS TO REVIEW FOR
ECONOMIC LITERACY CURRENT ISSUES AND CONCERNS

BUSINESS EDUCATION PUBLICATIONS

The Balance Sheet and Century 21 Reporter
South-Western Publishing Company
5101 Madison Road
Cincinnati, Ohio 45227
Free to all business educators

Business Education Forum
National Business Education Assn.
1906 Association Drive
Reston, Virginia 22091
Included with NBEA membership

Business Education Index
Delta Pi Epsilon National Office
Gustavus Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

Business Education World
Gregg Division, McGraw-Hill Book Company
1221 Avenue of the Americas
New York, New York 10021

Business Exchange
Houghton Mifflin Company
1900 S. Bavatia Avenue
Geneva, Illinois 60134
Free to all business educators

The Delta Pi Epsilon Journal
Delta Pi Epsilon National Office
Gustave Adolphus College
St. Peter, Minnesota 56082
Free to DPE members in good standing

The Journal of Business Education
Heldref Publications
400 Albermarle Street, NW
Washington, DC 20016

HEALTH OCCUPATIONS PUBLICATIONS

American Journal of Nursing
P. O. Box 963
Radio City Station
New York, New York 10102

RN Journal
680 Kinderkamack Road
Oradell, New Jersey 07649

HOME ECONOMICS PUBLICATIONS

Current Lifestyles
Curriculum Innovations, Inc.
501 Lake Forest Avenue
Highwood, Illinois 60040

Forecast for Home Economics
902 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Illinois Teacher of Home Economics
University of Illinois
College of Education
1310 South 6th Street
Champaign, Illinois 61820

Journal of Home Economics
American Home Economics Assn.
2010 Massachusetts Avenue, NW
Washington, DC 20036

Teen Times
National Headquarters
Future Homemakers of America
Washington, DC 20036

AGRICULTURAL PUBLICATIONS

Ag Education Magazine
1803 Rural Point Road
Mechanicsville, Virginia 23111

Farm Journal
P. O. Box 1431
Champaign, Illinois 61820

Prairie Farmer Publishing Company
580 Waters Edge
Lombard, Illinois 60148

Successful Farming
1716 Locust Street
Des Moines, Iowa 50306

INDUSTRIAL PUBLICATIONS

Illinois Industrial Education Association Newsletter
Office for Vocational Education
Northern Illinois University
DeKalb, IL 60115

Industrial Education
Cummins Publishing Company
1495 Maple Way
Troy, Michigan 48084

School Shop
Prakken Publications, Inc.
Lawrence W. Prakken, Publisher/Editor
416 Longshore Drive
P. O. Box 8623
Ann Arbor, Michigan 48107

The Technology Teacher
Thomas Wright, Editor
Department of Industry and Technology
Ball State University
Muncie, Indiana 47306

OTHER RECOMMENDED PUBLICATIONS

Answer
Free-Economy Association, Inc.
2618 E. 54th Street
Huntington Park, California 90255

Business Week
P. O. Box 430
Hightstown, New Jersey 08520

Economic Topics
Joint Council on Economic Education
1212 Avenue of the Americas
New York, New York 10036

Fortune
541 N. Fairbanks Court
Chicago, Illinois 60611

Fact
711 Third Avenue
New York, New York 10017

Kiplinger Washington Letter
1729 H Street N. W.
Washington, D.C. 20006

Wall Street Journal
200 Burnett Road
Chicopee, Massachusetts 01021

The Futurist
World Future Society Headquarters
4916 Street Elmo Avenue
Bethesda, Maryland 20814

Appendix

Listing of Agencies/Publishers Granting Permission for Reprint

The following list provides recognition to those agencies/publishers who granted permission for reprint of selected materials appearing in the Suggested Student Learning Activities Section of this guide.

Addison-Wesley Publishing Company, Inc., Elmer U. Clawson, Our Economy: How it Works, 1983; Richard M. Hodgetts and Terry L. Smart, Essentials of Economics and Free Enterprise, 1982.

The Advertising Council, Inc., Productivity in the American Economic System and Your Part in It, Not dated.

Bobbs-Merrill Educational Publishing Company, Inc., Milton K. Beryle, Your Career in the World of Work, 1981.

Channing L. Bete Company, Inc., What You Should Know About Profits, 1982.

State of Connecticut Board of Education, A Guide to Curriculum Development in Consumer Education, 1981.

Harcourt Brace Jovanovich, Inc., W. Richard Plunkett, The Consumer in America, 1979.

Harper and Row Publishers, Inc., Roger LeRoy Miller, Economics Today and Tomorrow, 1978.

Houghton-Mifflin Company, Ira Marienhoff, The American Economy, 1981.

Illinois State Board of Education, Consumer Education in Illinois Schools: Grades 8-12, 1978; Owning and Operating a Small Business, 1976.

Maryland ITV, Maryland State Department of Education, Consumer Squad, 1981.

National School Committee for Economic Education, Marilyn Szymaszek, You Choose, 1982.

Ohio Vocational Education Division, State Department of Education, Consumer Education--Curriculum Guide for Ohio, 1980.

Oklahoma State Department of Vocational-Technical Education, Curriculum/ Instructional Materials Center, Unit I - Economics and Free Enterprise; Unit II - Economics of Modified Free Enterprise, Copyright pending.

W. H. Sadlier, Inc., Paul R. Baker, Ph.D. and William H. Hall, The American Economy, 1980.

Scott, Foresman and Company, Ralph T. Byrns and Gerald W. Stone, Great Ideas for Teaching Economics, 1984.

South-Western Publishing Company, Roman F. Warmke, Eugene D. Wyllie and Beulah E. Sellers, Consumer Decision Making--Guide to Better Living, 1972.

IDENTIFICATION AND DEVELOPMENT OF THE SELECTED ECONOMIC LITERACY COMPONENTS

The eleven economic literacy components listed in this suggested instructional content guide were derived via a questionnaire technique seeking input from key vocational educators [Research Coordinating Units (RCU's)] in the 50 states, the Illinois State Advisory Council on Adult, Vocational and Technical Education and selected individuals (see attached roster of participants).

Specifically, this instrument gathered data to aid in the development of a working definition of economic literacy and in identifying economic literacy knowledge/skills/behaviors for use in vocational education programs and related subject matter classrooms.

A group of instructional and administrative personnel, representing five pilot schools, also provided input toward the development of the working definition of economic literacy and the identification of the eleven economic literacy components. In addition, the group assessed the state-of-the-art of economic literacy instruction in their school's vocational instructional programs.

A list of individuals and pilot schools invited to participate in this study follows.

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Buncombe, Illinois 62912

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Schools That Served as Field Test Sites

Decatur School District #61
Jane L. French
300 East Eldorado Street
Decatur, Illinois 62923

Dundee Community Unit School
District #300
William J. Stepien
405 North Sixth Street
Dundee, Illinois 60118

Hamilton County Community Unit School
District #10
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200 South Pearl Street
McLeansboro, Illinois 62859

Hancock Central Community Unit
School District #338
Joe Dion, Gerald Logan and
Glenda Mitchell
Lincoln Center
Carthage, Illinois 62321

Lake View High School
City of Chicago School District #299
4015 North Ashland Avenue
Chicago, Ilinois 60613

Libertyville Community High School
District #128
Eileen M. Padgett
708 West Park AVenue
Libertyville, Illinois 60048

Marion Community Unit School
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